THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

*November 20, 1948*

# NEW LEADERSHIP NEEDED

AN EDITORIAL

# Don't Spike Peace Talks!

C. Y. W. Meng

# China In Transition

Lin Chi-chun

# Taiwan's Return To China

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# MODERN ESPIONAGE

AN EDITORIAL

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# LETTERS From The People

**Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.**

## Forceful Action

To The Editor:

It is no exaggeration to say that we are fast approaching the nation's most vital and critical moment and the current situation is deteriorating with such tremendous speed that the total collapse of our government, and moreover of the whole country, seems foreseeable.

Since the fall of Tsinan on September 24, our government seems to have suffered the most terrible defeats, on both the military and economic fronts, that it has ever experienced. Not only have many important cities been lost but high military leaders either died or were captured. And the last card "Currency Reform" Chiang played has proved to be a failure, even though so many big shots expressed false optimism over it at first.

What is needed now are not big meetings, proposals, plans and other grand "official stylish compositions" but forceful, effective and workable actions. This is no time to cry over spilt milk. Now is the time to practice previously adopted slogans. It is too late only to talk but still not too late to act. If this can not be done then we people must get something which will do this.

WU MO-SHIN.

Tashihchang, Chungking
October 29, 1948

## Wishful Thinking

To The Editor:

I feel that Henry Wallace should be elected President of the United States for the following reasons: 1) Wallace came to China and saw it firsthand during the latter part of the war; 2) he advocated US aid to China for peaceful political and economic rehabilitation through the UN, and not as a direct method of making China the scapegoat of US-USSR imperialistic rivalry for domination of the Far East. What are the alternatives? Look at Truman. His Doctrine and the Marshal Plan are a folly, a farce and a failure as can be easily seen in the light of today's chaotic world situation. Witness the bickerings in England and France and other countries of Western Europe about the American plan for rebuilding military Germany. In the East, Truman has managed to sow even greater dissension with his rebuilding of military Japan and his indirect assistance to the French and Dutch imperialists in Southeastern Asia; he has, in fact, managed to turn the friendship for the US once felt by the 450 million Chinese people into hatred.

Now Dewey promises to be even worse, since the Republican Party is both capitalism and isolationism combined and Dewey will have to deliver the goods on his strenuous advocation of bigger and better aid to Nationalist China. Dewey has apparently erased the indelible facts from his mind about what happens to US aid to China, and seems bent upon bringing more chaos and poverty to a country that is already shaking like jelly. If either Dewey or Truman cannot perform miracles as did Jesus Christ and devise a way to straighten out the messy


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world their nation has helped to create, let us hope that those Americans whose God-given sense of right and wrong is still intact will rush to the polls to elect Henry Wallace, while those Americans who cannot bring themselves to vote Progressive will refrain from exercising their right of franchise altogether, and sublimate their political instincts in the World Series baseball games. Otherwise modern civilization will crash into eternal oblivion since war can never breed peace, but only more war. I pray that God's Will be made more understandable and less mysterious to us mortals here on earth.

CHINESE JOHN THE BAPTIST.
Chengtu, Szechuen
November 1, 1948

## Non-Resistance

To The Editor:

The fall of Tsinan was nothing more than a thunderclap on a fine day, which surprised not only the Chinese people but also foreigners who are concerned about China's affairs. This bloody battle has sealed the fate of North China. That is to say, the whole territory of North China will become "red."

Facts speak louder than words. Within one month, both Chengchow and Kaifeng were forsaken automatically by our Government.

During the last few days, the people of Chengchow and Kaifeng—especially those who fled from Honan—cursed the Central Government for forsaking such important cities without even being attacked by the CP. Surely this criticism is justifiable—especially for the patriots of Honan who must love their native town. In my opinion, however, it is wiser to withdraw automatically rather than to be annihilated by the CP if the Government knows that the Communist troops are unconquerable. Past facts have told us that whenever a city was lost, damages to ammunition, soldiers and materials were untold, not to mention the death of the people. So bandit-suppression becomes people-suppression.

Therefore, from a humanitarian viewpoint, I am inclined to agree that the non-resistance policy of our Government prevents innocent people from dying under pitiless bombing.

HSU SHIH CHEN.
Soochow, Kiangsu
October 28, 1948

## Stop Teaching

To The Editor:

Professors of National Peking University issued a note on October 24 declaring that they would stop teaching for three days from October 25 unless they were given better living conditions. Following this, professors of National Peiping Normal University and teachers, instructors and assistants of Tsinghua and Peita Universities also reached the decision that as from October 26 they would stop working for five days in order to back up the professors and to appeal to the government for better treatment. Meanwhile coolies and gatemen of Peita demanded an advance of GY100 to keep their families from begging along the streets.

Students of Peita declared a five day cessation from classwork to support the faculty and employees of their school.

In their note, the professors said, "Since the measures of currency reform were effected, price levels of commodities as well as salaries were frozen. However, our monthly income could hardly maintain us for a few days because of the fact that we could not purchase any daily necessities at the official price. Although we would rather die of

starvation than to leave our posts, we could not carry on while we and our families were in a state of cold and hunger. Since the government failed to relieve our plight, we were forced to stop working in order to go out and borrow money for our living."

The so-called "currency reform" not only deprives us of our barest necessities, but also our right to study.

WILLIAM J. LIU.

Peking
October 27, 1948

## Peiping Prices

To The Editor:

Since the promulgation of the new currency, prices here in Peiping have risen to six or seven times their original August 19 levels despite the Government's efforts to stabilize prices. The salaries of our teachers and our subsidies, however, have remained fixed to the official standard. As the tightening of our belts can't keep pace with increasing prices, we have reached the limit of our endurance and have finally decided to strike and petition the Government for a better living. Up to the present date, all the universities and some of the middle schools here have joined in with us which shows that our demand is not only reasonable but essential and that this movement is not Red-incited but incited by hunger.

To give you an idea of the conditions here, I will quote some of the results of a wide survey held in the college recently. In an interview with the professors' wives who are more frank in discussing conditions, the majority claimed that their husbands' salaries could only support them for less than 10 days in each month; that they were living by borrowing, pawning or selling. Those with large families are the most hard-pressed of all. Conditions of the staff and workers are even worse, some of them receiving as little as GY17 a month. As for us students, a recent survey showed that even those who have government subsidies can only pay for half of their monthly expenses, while the self-supporting ones can scarcely make both ends meet.

Two months ago, when the new currency was issued, the GY we were paid could buy something and we at least managed to live though, of course, not comfortably. Now the sum has dwindled to a mere fraction of its original value and we can barely survive on it. Nobody can deny that a person has the right to live. In striking now, we are not only speaking for ourselves but for the great masses, the little civil servant, the man-in-the-street who is also suffering. Four days have passed since our strike, yet the authorities have not yet taken any steps to meet our demands; maybe the Government is too concerned with its own problems to heed our feeble cry. Anyhow, as a professor said in reply to an inquiry on the effect of our strike, "The Government may or may not pay heed to us but we must still live on. We have lived and we still have got to live."

ARTHUR HSIEN.

Tsinghua University
October 30, 1948

## "US Ambassadors"

To The Editor:

I can't restrain my indignation about the case of the primary students at the New Life School in Nanking who were beaten with wooden clubs by so-called "US Ambassadors" to China—American soldiers who had been attending mass at a nearby church.

It must be pointed out that the discipline of the US Army in this country is pretty bad. Beginning with the famous Peiping rape case, there has

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focuses the varied opinions of distinguished writers and journalists, historians and philosophers, scientists and artists on the problems of our time. Short summaries in Chinese precede the main articles.

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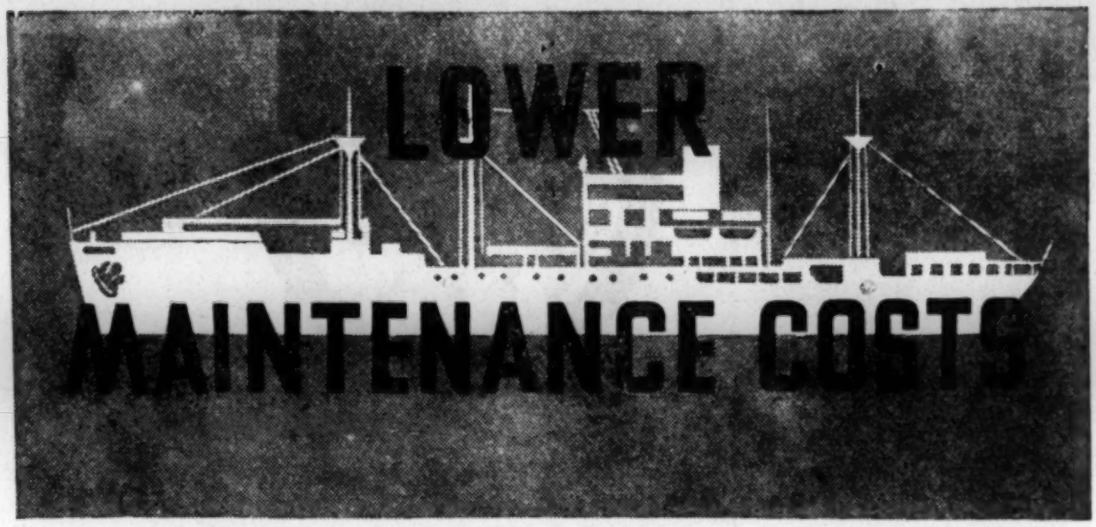


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been a series of incidents in which the US soldiers have behaved no better than the Japanese Fascist invaders of some years ago. Have these soldiers been sent by God, or the Son of God, Jesus Christ?

If the US soldiers cannot act kindly toward women and children, how can we hope that they will do any good to others? Such an Army still wants to conquer, thinking that they are the strongest power in the world. I say, "NO."

LT. WANG SHOU-MING.

Kweiyang, Kweichow
October 25, 1948

## Soldiers' Attack

To The Editor:

With great indignation I learned from the local press of the unhappy news which took place on Double Tenth, our national holiday. It was announced that some American soldiers audaciously beat our primary school students without any cause.

According to the press reports, this occurred when the principal of the school went to protect the innocent students. The response by the attackers was the serious beating of the civilians. Afterwards, the US soldiers slipped away as if they had done nothing at all.

Laying aside the facts, a man, a guest soldier, beating a guiltless child is a perfectly unreasonable event! Since the end of the war, US soldiers have been involved in plenty of vicious events, such as the Peiping rape case which touched off a nationwide series of anti-American demonstrations, and the bridge case in Nanking during which some of our virtuous soldiers were killed.

We, the Chinese students, are unwilling to oppose the US and are desirous of bettering mutual friendship, but the actions of our friends are far from excusable. I am reluctant to say this to you but Americans are spoiling chances for mutual friendship even in their actions with children.

I hope you will publish this in your magazine.

GERALD LOO.

Foochow
October 24, 1948

*(As is so often the case when disturbances involving foreigners occur, it is difficult to ascertain the facts because of the extremely partisan attitudes taken by different quarters. However, according to reports in the foreign-language press, the incident mentioned in the foregoing two letters took place in or near a Catholic Church in Nanking during High Mass. One version has it that a Chinese boy scout was standing outside the church blowing his bugle and a Catholic priest left the Church and attempted to make the boy scout stop by taking the bugle away. Another version has it that the Catholic priest attempted to stop a boy scout from playing with the windshield wipers of the priest's car. In any event an argument began and, again according to one report, two American Army officers and their wives became involved when the officers attempted to mediate the quarrel. Despite the various versions, there apparently was an argument of some sort, although it seems unlikely that an actual "fight' developed.—Editor)*

## Need Rice

To The Editor:

I am a teacher in a local middle school. For the past month our principal and teachers have been worried about buying rice. We have no money to buy rice as the tuition fees in our school are set by the Bureau of Education. But the price of rice is not set and is free to expand to any astronomical figure. Also, we have nowhere to buy rice. If you have a small bag of rice, police cannot guarantee that it will not be snatched away even in the center of town. If these conditions continue, teachers and students are faced with starvation. We will have to close the school and send the students home. What a terrible situation!

WEE CHI CHOW.

Shanghai
November 10, 1948

## Open Letter

To The Editor:

Enclosed please find an open letter to the President of China which I hope you will publish.

"Dear Mr. President:

First of all may I say that I am writing this letter with all the sincerity of which I am capable. And may I add that I have never joined any political party though I have been a public functionary for the last 10 years in a KMT Government Office.

It is beyond any doubt that you are a great man. Please don't misinterpret this as flattery as I have no reason to engage in flattery here. If you were not a great man, how would it have been possible for you to overthrow the Manchu Dynasty and win a victory over Japan. Of course, it should be pointed out that it was the American atomic bomb, and not our army, which brought about the final Japanese surrender, but all the same it was no easy task to resist the ferocious Japanese enemy for such a long period. If it were not for your leadership, there would have been no one competent enough to organize the resistance.

However, in the interests of honesty, I think it should be pointed out that you are not so great as Dr. Sun Yat-sen and Abraham Lincoln. Do you mind my saying so? What makes me think this? I can tell you frankly. Because you did not run a coalition government after VJ day and, instead, you carried on a Civil War. As a result many lives were sacrificed. Many factories were destroyed. Houses were burned to ashes. Precious time was wasted. I wonder what your reaction will be when you hear all this.

I appreciate the fact that the failure to organize a coalition government was due to many complicated factors. You are not the only one to blame. But after all, the failure showed that you, as a party boss, are lacking in something; namely the wisdom to make the Communists cooperate.

Moreover, although you work very hard and don't earn undue money, the Government under your leadership has become corrupt and inefficient. Though you always intend to implement "San Min Chu I" you actually carry on the old plutocracy. I think you know these facts and that you have done your best to improve the status quo, but unfortunately all your efforts have turned out in vain.

It may be that you are another Winston Churchill—a great leader in wartime. Ah, well, it is time for you to make a wise decision for your future and for the future of our nation.

Dear Mr. President, will you do me a favor and consider my advice carefully and take it.

One of Your Subordinates"

K. P. P.

Shanghai
November 7, 1948

## Foreign Support

To The Editor:

Below is an open letter issued by a group of 80 Chinese students in America.

"We Chinese students assembled at the Midwestern Conference of the Chinese Students' Christian Association in North America wish to pledge our unreserved support to our fellow students in China who are courageously taking an important part in the people's struggle for a strong, independent and democratic China in spite of atrocious suppression by the Nanking Government. We wish particularly to declare our complete endorsement of their movements in protest against the American policy in China and in Japan, and against the intimidation by the American Ambassador, Leighton Stuart. May we work side by side with our fellow Chinese students in this people's struggle for the building of a new China.

Delegates of CSCA
Midwestern Conference."

New York City
November 1, 1948

## Student Problem

To The Editor:

In view of the chaos prevailing everywhere, I, a college student, find it very difficult to sit in a class-room and listen calmly to lectures which are so divorced from reality. To a youthful student like myself, it is not possible not to worry that the discussions we have on the principles of democracy are so unrealistic for we know that newspapers are censored and students arrested. What should I do? Shall I go on attending these expensive lectures and absorb as much as I can from them?

K.S.C.

Wusih, Kiangsu
November 5, 1948

## Misprints Found

To The Editor:

A few misprints have been discovered in a recent issue of your esteemed publication, probably due to a shortage of staff members. With a view to doing something to ensure correct interpretation, could you please do something to improve matters?

I also hope that you can, in the future, allot more space to the *Review's English Lesson* as a means of giving prompt and wider explanations to difficult words and phrases used in the editorials.

C. YUAN.

Kweiyang, Kwangsi
November 5, 1948

## "As Ye Sow..."

To The Editor:

Why should we recognize only a few beings on earth as our real friends—our families and a chosen few whom we may like and trust for various reasons—and consider all others as our enemies, as alien and menacing to us? This is contrary to the great law of True Equality and Unity, and the fact that so many of us harbor mistrust of other human beings is the principal cause of today's tragic world situation. Instead of recognizing all men as our brothers, with hearts, emotions, minds and spirits similar to ours, we push them from us and strive mightily to build walls of protection around our spirits and our countries. It is only by considering and treating others as our enemies that we create enemies. Throughout the ages our walls of protection invariably have crumbled into the rubble of war.

There are laws of the Universe that no one can successfully break. To make

war is like kicking a ball against a wall; the harder we kick it, the harder it will bounce back on us. It is like throwing sand into the wind; the more we throw, the greater is the damage to our eyes. Those of us who are arrogant and demanding and have cast out our fellow men from our hearts, will be turned upon by them in time; those of us who are humble and yielding and can accept our fellow men with love will have life everlasting. "As ye sow, so shall ye reap."

MEW VAI.

Kai Yuen Temple, Wusih
November 1, 1948

## Letter From Abroad

To The Editor:

In recent issues of the *Review* I have noticed a number of letters from Americans and other foreign readers, printed either in your readers' columns or in special articles. In the issue of October 23, I was surprised and happy to find a letter from one of my American friends, S. Sutton, with whom I had lost contact. But for our mutual interest in your magazine, we might never have gotten in touch with each other again.

The world is facing the threat of another world war, is struggling with a multitude of economic problems, is trying desperately to straighten out its concept of Right and Left and reconcile one with the other. We are following a narrow, tricky path, and one misstep may bring such chaos as to cause the death of mankind. The problems and the crisis can be solved, I think, only if the people of all nations can grow to know and understand one another. Then we should realize that the other fellow, regardless of his color, creed or nationality, is pretty much like ourselves, with the same fears, hopes and wants.

I have some friends in Germany whom I have never seen. We were introduced through the XX club of world correspondence. From their letters I have found out a lot about them and about Germany and I feel as at home with them as I do with Chinese friends who write to me. Many of my former ideas about the "cruelty of the German race" have been changed.

Understanding the peoples of other nations is a good way of purchasing world peace. I hope you will have more letters from readers abroad. And I also hope your *Review* will be read not only in countries of the Right, but in countries of the Left as well, so that Left and Right can exchange views and find the middle ground which surely exists.

FEI LIANG.

Wusih
November 1, 1948

## Yen Hsi-San

To The Editor:

After the widespread Civil War broke out, General Yen Hsi-san was confronted with great difficulties, particularly at Taiyuan. General Yen is well known for his anti-communism and for his opportunism. During the anti-Japanese war of resistance, he agreed to sign an anti-communist pact with Japanese militarists. Now he is the Governor of Shansi and continues to pursue his own dictatorial policy regardless of the will of the Central Government. As the situation in Taiyuan became worse, General Yen many times asked the National Government for military and material assistance. The loss of Taiyuan will be very unfavorable to him. He must change his ways; he cannot continue to obey the Central Government in name only while pursuing his own policy in reality. He must decide what he is to do in the future.

His attitude should be made clear. Will he go left or right? Or will he retain a wait-and-see policy? Perhaps he is puzzled and wants to sit on the fence. These are important questions for General Yen to answer. For better or worse, he is facing one of the strictest tests of his life.

T.C.C.

Wuchang, Hupeh
November 3, 1948

## Materials Not Money

To The Editor:

Poor old Dr. Wong Wen-hao is blaming the costly Manchurian campaign for the recent failures of the economic reform program. We are afraid that the poor Doctor has not yet caught on.

In the whole world there are only two countries without a mint who have tried to create wealth out of paper, China and Hungary. No, Doctor, paper won't do, even if there is no Civil War. If paper were to work, other peoples, much more brilliant than we, would have used it. Oyster shells are better than paper if metals are lacking.

Why not bring back the silver dollar? But a sound currency must be backed by free trade. Therefore, I suggest that you do away with 99 percent of the present trade restrictions. If these two things cannot be done, just call it a day and quit your thankless job.

This wretched country cannot afford to take a leaf out of other countries' books on trade balances, budgets, and foreign exchange systems. Remember we are at war. Wars are fought with materials, not money.

LI PAO-TIEN.

Canton, Kwangtung
November 3, 1948

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Vol. III Shanghai, Saturday, November 20, 1948 No. 12

# New Leadership Needed

UPON many occasions in the past we have commented upon the poor quality of much of the so-called "leader" class in China. The present moment seems especially appropriate for further discussion. In calling for new leadership material, which should be trained and selected by new standards, we are not belittling any specific national heroes or leaders. Rather we are referring to the leadership class in Chinese society as a whole.

One may argue the merits and disadvantages of Confucian scholarship, the ancient concept of the student, etc. until doomsday with little result. However, it does seem reasonable to us that if China is to accept as much Western culture as she says she wants, then she must also accept certain Western standards of organization, including the modern idea of a technically trained, casteless group of modern workers and leaders.

In the days of old, China developed a theory of government in which the "superior man" of Confucian standards was responsible for the direction of affairs. The scholar was highly respected and belonged to an extremely small and elite class. All knowledge was supposed to reside within this body of scholars, selected to some extent, it is true, upon the basis of ability. The Emperor chose his trusted servants from the ranks of those successful in the Imperial examinations. The administration of the nation was largely a personal affair, depending to a considerable extent upon the morality and general ability of the scholar-official, rather than upon a hard and fast set of laws and regulations. Such a system functioned reasonably well a large part of the time. However, in order to work, it had to operate under almost ideal conditions. Traditionally, China's periods of best government (under this system) have been at the beginning of a new dynasty. The old saying of a new broom sweeps clean was as pertinent in this country as anywhere else. The new regime had before it as a constant reminder the image of the corrupt, rotten dynasty which had only recently been deposed. The inference was clear. Also, each incoming body of officials was frequently young and vigorous and almost certain to be from a formerly disfranchised section of the population. They had little or no special personal interests to protect.

However, as time passed and the sons of officials unto the fifth and sixth generations became officials, vast official families, many directly related to the throne, sprang up and, almost inevitably, a contest developed in the breast of each official over which should prevail: the interests of the State or the interests of his family. Usually, the quality of government had by this time fallen to such a low standard that popular discontent was widespread and any new invader of reasonable strength who appeared on China's border areas was able to conquer the country. However, in almost every case, the new rulers adopted the Chinese culture and standards of administration. This system seemed to work satisfactorily enough so long as the new invaders were not so well developed culturally as their subject. But, when China ran up against "invaders" from the West who had a culture which might be considered to be on a par with if not superior to that of China, this country found it difficult to cope with the situation.

China's society has been in turmoil almost since the days when Europeans first sailed into the China Seas. True, at first Western visitors of the Marco Polo vintage found Cathay a paradise, vastly more advanced in its society than Europe of that time. However, with the terrific boost which the industrial revolution gave Europe, China quickly lost her superiority as far as power and wealth were concerned.

While some Confucian scholars may wish to dispute this point with us, the fact remains that China's Government for the past 30 years has constantly preached modernization and industrialization and cited the West as the example to be followed. Granted that China is determined to catch up with the rest of the world in the formation of a modern state, then she must also examine her society and decide just how much of the old culture may be retained and how much must be jettisoned in order to make it possible for the country to handle a new civilization based on the Western model.

China cannot be modernized by decree. This was discovered quite some time ago by an emperor who attempted it. He lasted for about 100 days, and then the forces of the privileged, which saw their doom approaching, combined their efforts and sabotaged the whole program. While reform cannot come overnight, it must nevertheless come reasonably quickly, if China is not to be left completely in limbo by the rest of the world. Also, the reform must come with strength, otherwise conditions will continue along the same path as we see today, with the proponents of the old culture and standards sabotaging progress wherever possible.

Such sabotage does not necessarily result from active opposition by the leaders of the old society, although that frequently is the case. The real opposition, which is most difficult to fight, comes from those members of the old

leadership who simply are not equipped to think or act in a manner designed to fit into the modern picture. Frequently, these unconscious impeders of progress believe they are proponents of modernization, but, having been schooled in the old way, are actually bitter enemies of the nation as it tries to advance into the new culture.

We see many examples of this in the form of the smart young technicians and engineers trained both in China and abroad. Theoretically, they are dedicating themselves to progress. They work at starvation wages in Government bureaus and are to be pitied because of the hard life they lead. However, simply because so much of the "old" was retained in the society they grew up in, they really are still products of the 18th or 19th centuries, rather than of the middle of the 20th century. Chinese engineers are an example. While committed to progress because of their choice of modern engineering as a profession, they are usually cursed with the old-style Chinese concept of the scholar and only under the most dire compulsion can be made to "get their hands dirty." Although engineers, they are still scholars, and as scholars they are gentlemen and, as every Chinese knows, a gentleman does not do "coolie work."

During the war, the Chinese and American governments mapped out a program for sending American drillers to the Kansu oil fields in an effort to increase production for the joint war effort. While the production may have been increased to some extent, the program was a failure in many ways. The American drillers, admittedly a tough, hard-bitten lot, simply could not get along with the highly trained Chinese engineers in charge of the project. The Americans considered the Chinese sissies and phoneys because they refused to do any manual work, preferring to sit in their offices and instruct oil field coolies in the theory of how to dig holes in the ground. The Chinese considered the drillers as some form of American "coolie" sent to China to do back-breaking manual labor and, therefore, only deserving the natural contempt of an educated man.

Such examples may be cited by the dozens and they all prove one important point. Well-trained Chinese engineers, who might be considered the single most important class of men in this country today, are still scholars and, apparently because of the ancient traditions of scholarship which still prevail, are largely unfitted for the job demanded of them by their country.

If the problem were only with Chinese engineers, it might not be so bad, but the same attitude may be found in almost all sections of society. A man who has attained a certain position in society by virtue of his education or experience declines to perform tasks which he feels beneath him, even when the matter is of a trivial nature. Naturally, an accountant is supposed to do accounting, and not perform the functions of an office boy or coolie. However, all too often we have witnessed almost infuriating delays in work in various Shanghai offices while an accountant quietly sits and waits for an office boy to finish some other task so that a paper can be moved from one desk to another, or an accounting machine shifted across a desk.

An example of how the matter of "face" extends down to very low levels of society can be found in the Hangchow Sea Wall restoration project inaugurated by the China Relief Mission. The natives of the Hangchow area have for centuries been accustomed to working on the dykes which protect the country side from the ocean. However, after years of neglect the sea walls were in rather bad shape and CRM decided to expedite their repair by introducing modern machinery, providing funds, etc.

High explosive powder was brought from America. However, it was found that the trained blasters simply could not bring themselves to use it properly. Traditionally, they had used local black powder of a much lower explosive power. They were accustomed to using a given quantity of powder in each blasting charge, and apparently were unable or unwilling to accept advice and change their habits, although it must have been evident to them that using an equal amount of the new powder resulted in sheer waste as the rocks, instead of being broken into proper sizes, were nearly pulverized and thus useless for the sea walls. Similarly, the local drillers refused to adapt their technique to the use of up-to-date drills.

CRM supplied some small boats which it was felt would expedite the job by enabling work to be done from the sea as well as the land. Marine engineers from Shanghai were hired and put in charge of the boats. The result was that the craft were quickly laid up for major repairs. The engineers in charge refused to dirty their hands by making minor repairs, or even adjustments, while the crews, made up of simple sailors or coolies, didn't know how.

CRM solved this impossible situation after it became evident that the skilled laborers, technicians and engineers simply were incapable of functioning by firing the whole lot and hiring nothing but farmers and coolies. A school was set up with training classes in blasting, drilling, boat operation, etc. and after a while a new, relatively efficient, and casteless group of workers was formed. Today, the repair work is still in progress under the auspices of ECA. The coolies and farmers, to whom such skilled undertakings were completely foreign, learned slowly, but at least they learned, and today they are doing a competent job.

While this admittedly is but one example, it does suggest an idea that is almost staggering. The common people, the people from the lower levels of Chinese society, uncontaminated by the Confucian ideas of scholarship, may provide the talent for the transforming of China's material civilization. Perhaps the simple Hangchow farmers and coolies — and their counterparts in other areas of China—may provide from among their number the skilled workers, technicians and engineers of the future. Maybe, through the use of members of this class of Chinese society, the nation may side-step the problems of face and scholarship which now hamstring attempts at modernization. It may well be that such a social

upheaval is what China needs today, since it is obvious that the present-day scholars have in general failed the country rather miserably. Certainly a new class of scholarship—practical scholarship which can reach down to the soil and help the people—is needed. Maybe it will be necessary to discard the present class of scholars and train up a new class, taking the candidates from these lower levels of society.

## Modern Espionage

THE Chinese Communist Radio, early this month, broadcast a story describing the villainous plans the United States allegedly is making for the establishment of a wide espionage net throughout Asia. Already, the Red radio charged, a spy organization has been set up in Japan and China and shortly similar groups will be in operation throughout the rest of Asia. The China organization, it was further charged, was established with the joint approval of Generalissimo Chiang Kai-shek and US Ambassador Leighton Stuart.

While we naturally have considerable respect for the Chinese Communists' ability in many fields, we are often taken aback by what seems to be examples either of extreme naivete or deliberate disregard for the truth. This broadcast, we think, is an example.

The Chinese Communists are a force to be reckoned with. This fact has been pointed out by many people in the past and today many other people who failed to understand this have learned a bitter lesson. Many Nationalist generals, for instance, have found to their dismay the keen military ability of the Communists. Many Kuomintang politicians who for 20 years have been talking about land reform and other ideas laid down for the Party by Dr. Sun Yat-sen have discovered to their surprise, and in some instances to their horror, that the Communists have carried out land reform on an extensive basis and have enlisted a great amount of support from the people.

The Chinese Communists have in so many instances proved themselves to be practical realists that one is surprised whenever they evidence tendencies in other directions. In the past we have often remarked upon this realism and said that we thought this fact alone gave grounds for hope that China and America could continue to enjoy relatively good relations even if China "went Communist." We still think that this might be the case if the Chinese Reds are eventually successful in replacing the present National Government. While all such discussion is obviously speculation about something which may or may not happen in the indefinite future, especially since the loudly proclaimed Nationalist victory at Hsuchow last week-end, we think such speculation is not entirely out of place.

The American Embassy has seen fit to leave a consulate behind in territory taken by the Communists, while several Christian mission establishments are now behind the "bamboo curtain." What's more, quite a few foreign businessmen in Shanghai and other commercial centers are discussing the possibilities of staying behind should the Reds come. Many Chinese intellectuals have voiced the belief that if China should eventually be dominated by the Communists, the United States would do well to recognize the new regime and attempt to get along with it. They seem to feel that the Chinese Reds will be willing to moderate their program sufficiently to make such cooperation possible, providing that the United States will come half way.

All such indications as the foregoing are in our view hopeful signs for the future. We know that the United States and China have cooperated to the advantage of both nations in the past and we would hate to see anything prevent a similar degree of friendship and mutually beneficial cooperation in the future, even though China eventually ended up with a Red or partially Red government.

With these thoughts in mind it is particularly discouraging to read of Chinese Communist statements which at the very least are the products of highly unrealistic thinking, or at the most, the result of deliberate ignoring of facts. The Communist broadcast describing the setting up of a giant American intelligence network throughout Asia falls into one of these categories. Virtually every person today who is at all knowledgeable understands that the days of false whiskers, daggers in the dark, secret radios, miniature cameras, etc. are past history. The espionage business of today is a rather dull, confining occupation, carried out for the most part by a bunch of clerks sitting at desks in their respective countries pouring over foreign magazines, newspapers, transcripts of foreign broadcasts, etc. The closest things to spies abroad these days are the various attaches attached to embassies in foreign countries. For instance, the Russian Government, which obviously is as interested in what goes on in the United States, as the American Government is in events in the Soviet Union, keeps a number of attaches in Washington. These attaches are experts in their various fields and make regular reports back to Moscow on what they may learn. This is a completely open type of activity, engaged in by all major powers.

A recent article in the *New York Times* illustrated this point very well, pointing out that "whatever the effect of the current 'spy scare' on the Thomas Committee (House Committee on Un-American Affairs), it is probably causing more amusement than excitement in the circles that really deal with intelligence. It has long since been commonplace that intelligence is not... a clever man in a garret, transmitting information by microphotography which reduces a page of typescript to the size of a pinhead. The real business of intelligence in the modern world is conducted by gentlemen of respectable antecedents and great foxiness, who sit around all day working jigsaw puzzles. Something over 90 percent of the pieces they assemble come from publicly printed sources."

The article then went on to describe a hypothetical case in which the Russian and other foreign air attaches stationed in Washington made attempts to find out as much as they could about a new American jet plane. Photographs would be clipped from various American magazines and newspapers, technical information about this or other similar planes would be assembled from technical or aviation trade journals and, as a matter of fact, formal calls would be paid upon US Air Force Headquarters.

We remember a story told during the war about how the US picked up a vital piece of information about Japan in a most unspectacular manner. While we can't vouch for the accuracy of this particular story, it could very likely have happened and undoubtedly there were many other similar instances, although possibly having less impressive results.

For a long time US industrial and military leaders vainly sought by aerial reconnaissance and other means to determine the location of a certain factory which it was known the Japanese must have established in some area of the home islands. This factory, a small one, performed a particularly vital function for the Japanese war effort and the United States was most anxious to locate it so that it could be bombed and put out of action.

One day, during a routine checking of Tokyo Radio, the Japanese news announcer mentioned that two Japanese professors had been cited by the Government for their fine contribution to the war effort. An alert analyzer in Washington thought he would check up on these two men, who happened to be engineers, just to see what their special fields were. This he did with the help of a Japanese "Who's Who", a publication regularly compiled in Japan and sold throughout the world. Their biographies showed that these two men were experts in the type of manufacturing industry which the Air Force wished to put out of business. A recheck of the broadcast showed that the two men were listed as having gone up to Tokyo to receive their awards from a small village in rural Japan. An aerial photograph of the village showed one small, camouflaged factory. B-29 bombings put it out of action and the proof of the pudding came a few months later when US military men noticed the Japanese using a second rate substitute for the material formerly produced at this small plant.

This type of activity is the backbone of modern espionage and, presumably, this fact is known to all nations, since most today engage in extensive "monitoring" of foreign broadcasts, studying of publications, etc. The super-secret spy of the days of the Dreyfus Case is virtually passed.

With this background, the claims of the Communists to the effect that the US is establishing a spy net in Asia equipped with radio locaters, etc., etc. becomes a bit ridiculous. For a realistic outfit, such statements seem even more out of place. If the Chinese Communists really believe this story, they appear more gullable than we had imagined them to be. If they don't believe it and are using the story purely for propaganda purposes, which seems to us more than likely, they are toying with the truth, which is something impossible to justify.

## 25 Years Ago in *The China Weekly Review*

November 17, 1923.

### Banditry And Piracy

To maintain river trade traffic by all means in Kwangtung, the merchants and shipping interests nowadays do not object to paying tribute to the pirates and bandits now replacing the civil and military authorities in many sections of the province. Next to piracy, the shippers have also to pay troops for protection. In Canton harbor these days there is hardly one steam launch carrying the Chinese flag, all small steamers having gone French or Portuguese. The British and American consular authorities are very particular about having their nationals give protection to Chinese. There is a general belief that the Yunnanese and the Kwangsi troops will not touch foreign vessels.

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### Sun Yat-Sen

The greatness of Dr. Sun Yat-sen is seen at the present moment in Canton, when everything seems against him. Now the crisis at the eastern front is very near the turning point; many of his carpet-bagging followers have offered to resign, and the offices of the salt commissioner, the municipal department of finance, and other government bureaus will soon have new heads. Dr. Sun, however, still carries on and does not hesitate even to prepare for a northern expedition against Tsao Kun and draft plans for the consideration of other opponents to the Peking regime for action. Apparently if he fails in Canton he will simply again depart for Shanghai and begin all over again. Dr. Sun has faith in himself still.....

## 10 Years Ago In *The China Weekly Review*

November 19, 1938

### Steal Books

Another million books belonging to the World Book Company, Ltd., have been confiscated by the Japanese authorities, according to information released by an official of the publishing concern. The books are stated to have been seized at the company's plant, 130 Dalny Road. The seizure brings the total number of the firm's printed volumes confiscated by the Japanese during the past 30 days to more than 4,000,000, according to the official. The value of the books is estimated at more than $800,000.

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### Japanese Enter Canton

Almost three weeks have now elapsed since the Japanese occupation of Canton but the situation which led to the sudden collapse of the defense in the Kwangtung capital remains as obscure as the day when the Chinese troops evacuated the city.

A most significant report which I translated fully below was made to the press by a member of the Central Supervisory Committee, Mr. Liu Hau-wu, who said: "When the authorities of Canton heard that the Japanese cavalry had reached Canton suburbs there was panic among officialdom. Officials of the Salt Revenue Administration realized the seriousness of the situation and believed that the Government would need cash for military expenditure on the afternoon of October 17. They sent $450,000 to the Provincial Treasury Department but when the money reached its destination all officials of that Department had already left their posts....." (Japanese entered Canton on October 21).

# DON'T SPIKE PEACE TALKS!

C. Y. W. Meng

THERE is no doubt that China today is facing as grave a crisis as she has ever faced. It is a crisis on all fronts—political deterioration, military reverses, economic chaos and social unrest. It is a crisis which is far more acute than that confronting the nation during the eight years of our bitter struggle against the Japanese.

Nevertheless, although the present situation is most desperate, it is gratifying to learn that many Chinese critics, instead of remaining silent and noncommittal, have been more outspoken than ever before. A careful study of editorials and special articles published in the leading independent magazines will throw much light on the public sentiment of the people. They tell us the best possible way out for China. They give a great deal of food for thought to those who would spike peace talks.

## Democracy, Peace And Unity

In his "An Appeal for Peace", which is probably the first open call for peace, Dr. Chang Hsin-fu, professor of philosophy of National Tsinghua University in Peiping, after discarding all reasons for war on both sides, and after pointing out that peace is now universally demanded, recalled one general principle for the realization of peace in China which he advanced to the nation before. He pointed out that "We must first have democracy, then we will have peace. When we have peace, we will have national unification." He said that what he suggested years before still good today. (*The Observer*, October 23, 1948, p. 1.)

At the annual meeting of the research staff of the Academia Sinica, one 82-year old scholar, Chang Yuan-chi, in his speech bitterly condemned the present Civil War, and said: "Look at Taiyuan, Kaifeng and Tsinan, and see how many lives were lost there. Look at the recent mass arrest of students which has caused a widespread panic in many schools of learning. Look at the present plight of refugee students. For the sake of the nation and the people, we must have peace. We all hope for peace so that we can peacefully do our research work and seek for the improvement of the welfare of the people." (*Ta Kung Pao*, September 24, 1948.)

In an article entitled "Everybody Wants Peace: How to Realize it?" Wan Mei-tze, a former member of the Kuomintang, and former editor of the Army organ *Sao Tang Pao*, (now known as *Peace Daily News*), after giving an account of the peace talks in the past, advanced a six-point program for peace which may be summed up as follows:

1) Organization of a People's Movement for the Promotion of Peace in the country, to be participated in by representatives of the people, various vocational bodies, and schools in the provinces and municipalities with a head office in Shanghai.

2) Immediate truce on all fronts.

3) Release of political prisoners.

4) Using the reserves in US dollars now held in the National Treasury for boosting the value of GY.

5) Convocation of a political consultation conference to be participated in by the representatives of all democratic parties and progressive citizens of the country; reorganization of the Government and redraft of the Constitution based on the highest general principle of the equalization in power and the division of rule between the Central and local governments.

6) Nationalization of the army under a coalition government.

In an editorial entitled "We Are Quite Worried over the Present Situation," the newly published Chinese-language *One World Weekly*, edited by Professor Liu Pu-tung, member of the Legislative Yuan, after describing the whole situation, advanced some concrete measures for the salvation of the country:

**Politically**, "Down with All Reactionary Blocs," including all bureaucratic capitalists, big merchants, professional bureaucrats, feudal remnants. Drive all of them out of the Central Government, and replace them with progressives and liberals. Enlarge the basis of the present Government to work for socialist reform. Have the middle class, professors, lawyers, newspapermen, farmers, and laborers represented in the Government and wipe out corruption.

**Economically**, balance the national budget through the curtailment of all unnecessary expenditures (specifically the huge expenditure for the so-called "Bandit-Communist Suppression Committee," said to number more than 1,000 members, whose existence has not been approved by the Legislative Yuan), through the opening up of new sources of revenue by imposing far more heavy taxes on luxuries and property and through the strengthening of price control measures, the promotion of production and the improvement of economic conditions in rural districts. (*One World Weekly*, October 30, 1948, p. 4.)

## Professors' Open Letters

Then we have two open letters appealing for peace, written by no less than 40 professors in Nanking, one addressed to President Chiang Kai-shek and the other to Mr. Mao Tse-tung, leader of the Chinese Communist party. In both open letters, these professors expressed their conviction that "We realize that the only way to save ourselves is immediately to stop the Civil War and seek peace." They added: "Only through the reopening of peace talks among the progressives and liberals, democratic parties and social leaders, and the organization of a multiparty and democratic government based on democratic principles and socialist economy, striving vigorously toward the enforcement of various measures for the realization of the economic equality and for maintenance of the independence of the nation, can we release the people from sufferings."

In their open letters to President Chiang, they further pointed out:

Politically, we must realize democracy; economically, we must enforce socialism.

To hope that the Chinese problem will soon start World War III is tantamount "to climbing up a tree to go fishing."

Even when World War III becomes inevitable, China must remain neutral for the preservation of the life of the nation and the lessening of the sufferings of the people.

We always maintain that Chinese problems must be solved by the Chinese themselves. And the way to solve these problems is to stop the Civil War, and to seek peace through the creation of a democratic coalition government having the unanimous support of the people.

To depend for aid from any foreign country is to become a satellite of that country.

In their open letter to Mao Tse-tung, they pointed out the following:

If the Communist Party is really determined to relieve the sufferings of the people and to improve the welfare of the laboring class, it must stop the Civil War and seek peace. This is the time.

Should you decide to fight to the end in the hope of creating a Communist Party dictatorship, you will find that this is not only contrary to the Communists' avowed objective of achieving political democracy, but will greatly increase the sufferings of the people.

This letter concluded by urging the Communists to accept the public's wishes and to plan for peace. (For full text of these two letters, see *University Review*, November 16, 1948, pp. 3-4).

This is not the first time the professors have written open letters to the President and Mao. A short time after the Japanese unconditional surrender, in their anxiety over the then-reported Kuomintang-Communist split, 10 professors of the National Federated Southwest University (Lienta), then located in Kunming, addressed an open telegram to Pres-

ident Chiang Kai-shek and Mao Tse-tung. In this telegram, dated October 1, 1945, these professors expressed their ardent hope that both leaders would endorse the convocation of a political conference to be participated in by all parties and nonpartisans to plan the organization of a coalition government.

This telegram was signed by 10 renowned professors of the University, some of whom were Kuomintang members, and one of them was Professor Wan I-tao who was later murdered in Kunming.

Among some officials in the Government, we note the same sentiment prevails. From the Control Yuan, we have read a memorandum drafted by a 11-man committee which proposed drastic political and military reforms for soaking bureaucratic capitalism, eliminating all privileges and influence of so-called "Favored Families" and limiting the power of the President. (See a *UP* report from Nanking dated November 6).

From the Legislative Yuan came another three-point program drafted by another group of the members headed by Mr. Hu Chiu-yuan which called for the immediate formation of a truly responsible cabinet with nation-wide representation, including able men of all parties except the Communists, the requisition of the wealth of the "Favored Families" and "Bureaucratic Capitalists" for stabilizing the nation's economy and for plugging up budget deficits, and the forming of a Sino-American Alliance to stem the Communists in China and the Far East. (For full text of this program, see *Ta Kung Pao*, November 7).

Therefore, to many Chinese observers, greater American aid is no answer to us. The internationalization of Shanghai is no answer either. The statement that "the final outcome of the Chinese Civil War will be decided not in Manchuria, but on the North China battleground where the elements of United States aid to the Nationalists will play a decisive role" (*Reuters* report from Nanking on October 31) is generally received with indifference by many Chinese.

It is the conviction of many Chinese that the present Chinese problems can best be solved by the Chinese themselves. We Chinese must not further aggravate the present USA-USSR relations, already tense enough, but, on the contrary, we must do all we can to bring them together. President Chiang should urge President Truman to send the "Vinson Mission" to Moscow as the first important step toward world peace after his re-election.

## L. K. Kung Case

Fifthly, there is also no doubt that there is a nationwide condemnation of corruption and nepotism. "Favored Families," "Vested Rights Blocs," and "Bureaucratic capitalism" must be wiped out.

The recent mass arrest of students in many places has already made Nanking unpopular enough. Another occurrence which has done immeasurable damage to the Kuomintang just at this critical moment is the case concerning the alleged hoarding of commodities in violation of the Economic Emergency Regulations by L. K. (David) Kung, eldest son of Dr. H. H. Kung, and manager of the Yangtze Development Corporation.

In an editorial entitled "We Are Quite Worried Over the Present Situation," *One World Weekly* commented: "Major-General Chiang Ching-kuo was brave enough to arrest the son of Tu Yuen-sen (who has since been released—*Editor*), an act which received an acclamation from the nation—, but he was helpless before David Kung." (*One World Weekly*, October 30, 1948.)

Professor Fei Hsuen-tung, in a recent article, charged that there is no concealing the fact that "Bureaucratic capitalism has been most rampant since VJ-Day." He attributed the failure of the recent currency reform to the activities of these capitalists. (Peiping Edition of *Chung Chien or Central Reconstruction Fortnightly*, November 5, 1948.)

Indeed, it is a gross injustice that while other violators were arrested and punished, many were permitted to evade the law. There is no reason why some "personal protection" should be given to some at the expense of tremendous damage to the prestige of the party. In fact, all such cases of this kind should be fully and openly investigated. If the person concerned is found guilty, he should be brought before the court, and, in addition, he should be subject to party discipline. That is the dignified way to save the party from being wrecked by a few, and to avoid adverse criticism from the public.

We may add here that the "L. K. (David) Kung Case" has been largely responsible for the renewed and bitter attacks on the so-called "favored families" and "Bureaucratic capitalists" in China, which means nothing more than some members of the Kuomintang.

## Open Discussion

With such public sentiment prevailing, I believe it is most inadvisable for the leaders to spike peace talks so abruptly by simply reaffirming the determination to fight to the last or "for another eight years." The best way, it seems to me, is to invite all these peace sponsors to gather together to have a heart-to-heart talk and open discussion of the situation, and ask them plainly under present conditions, "What can you do?" and see what their answer is. If their answer is "I will try," let them try. Not only is there no harm in trying, but the President should provide them with all facilities, encouragement and protection, and arm them with fresh instructions and terms for peace, within which the Government will agree, and beyond which the Government will fight.

Our bone of contention is that under such circumstances, no leader should resist the popular wishes for peace, thus making himself more and more unpopular with the people. That is the first important fact. To disregard such wishes is to alienate the sympathy of the people, and to invite the belief that it is Nanking which wants to carry on the present unpopular Civil War. Such a situation is most disastrous and must be avoided at all costs. Nanking should prove by concrete evidence that it stands for peace as well. If it is to fight on, it must demonstrate to the people that this is due to the obstinacy of the Communists and the exhaustion of its patience.

Secondly, before the Government can fight, the Government must have support from the people. By support, it must be a spontaneous and genuine support, coming from the heart of the people, arising from their admiration of the present administration and their belief that the Government is right. It must not be merely verbal support or support through party propaganda.

## Accept Popular Demands

I can see no harm to the Nationalist side if the Government would accept many of the popular demands from the people, such as "democracy, peace and unity" in their order of importance, release of political prisoners, broadening of the basis of the present Government, forming of the strongest cabinet in history, and the adoption of an independent foreign policy. On the contrary, I can predict with certainty a great deal of goodness to Nanking if the Government would walk along this path.

Similarly, the Kuomintang must do its best to regain the popularity which it enjoyed during the early Northern Expeditionary days, if it wants to remain in power. It certainly must not remain, as it is, as a party despised by many, rent by internal disunity and disorganization, and afflicted with poor party discipline, nepotism and favorism.

Thirdly, the present moment, critical as it is, may be a chance when "a blessing in disguise" might be created. All leaders who have the national interest at heart must seize the present moment to mobilize public opinion for peace so as to force both parties to stop fighting. It is the conviction of many that if more steps were taken in this direction, the present fighting could be brought to an end much sooner. Every man in the street knows that the people are tired of the Civil War.

Therefore, my humble advice to the President is not to spike peace talks, but, on the contrary, explore all the possibilities by mobilizing and encouraging the intellectuals in the country to go on with a renewed peace movement. Let them try, support them, but don't spike peace talks so abruptly, Mr. President.

# TAIWAN'S RETURN TO CHINA

Lin Wo-chiang

OCTOBER 25 of this year marked the third anniversary of the restitution of Taiwan to China. This historical date was celebrated this year by the opening of the Taiwan Exhibition which was held in Taipeh, to which thousands of people from both the mainland and the island thronged to see the variegated and extensive Taiwanese products and finished goods on display (145,015 items, altogether). Several important officials from the Central Government, including General Ho Ying-chin, the Minister of Defense, and Chen Chi-tien, Minister of Industry and Commerce, attended and spoke during the opening ceremony.

At this moment our thoughts concerning Taiwan, both retrospectively and prospectively, are more deeply aroused than ever.

The island is remarkable for its natural beauty as well as for its eventful, romantic past. Tourists who visit Taiwan for the first time are struck by the wide variety of scenery—the endless chains of blue mountains, the sparkling lakes, verdant plains, colorful flowers and luscious fruits which grow the year round. Was it any wonder that the Portuguese who saw the island in 1590 should have called it "Isle Formosa" (Beautiful Island? But this gift to Taiwan, like that of the plumes to the birds, has been an unmixed blessing. For during the last 350 years, the island has been the scene of a series of violent struggles, in which Chinese, Europeans and Japanese participated, to decide who was going to rule.

Although the Portuguese have been aware of Taiwan since the end of the 16th century, it was the Dutch who first made a serious effort to establish themselves on the island. In the year 1624 they landed on the southeastern coast of Taiwan, near the present town of Tainan, and built a fort there—Fort Zeelandia. But they soon found that other European rivals farther north were ready to contest them for mastery. These were the Spaniards who came in 1626 and constructed as footholds Fort San Salvador at Keelung and Fort San Domingo at Tamsui.

## Dutch Rule

The Dutch, who wanted to be masters of Taiwan, steadily challenged the Spaniards and demanded that they surrender "to avoid useless effusion of blood." To which the Spanish Commander of the Fortress at Keelung replied that he was accustomed to finding himself before great armies and that he and his garrison were determined to defend the forts. Eventually the Spaniards were driven out by the Dutch in 1641.

The Dutch were supreme on Taiwan in the ensuing years until the appearance of General Cheng Ch'eng-kung (known also as Koxinga), a Chinese patriot, who appeared on April 20, 1661, before Fort Zeelandia with a large fleet and 25,000 men. The Dutch fortress was besieged and the Dutch eventually surrendered on February 1, 1662. This marked the end of Westerners' attempts to establish bases on the island. Incidentally, this was also the first time that a Chinese general was victorious over a Western power.

Cheng Ch'eng-kung, the hero of the day, was engaged at the time in a war of resistance against the Manchurian invasion from the North, which had by then extended to Kuhkien on the mainland opposite Taiwan. Having lost his foothold there, Cheng took his main forces over to Taiwan with the dual object of ousting the Dutch and of making it a base of operations against the Manchus. With the support of the Taiwanese and the Chinese from Fukien and Kwangtung provinces who had previously settled there, he succeeded in driving out the Dutch.

Unfortunately, he died not long after the Dutch surrender and was succeeded by his son and later, his grandson, who were not as capable and determined as he. His grandson, K'e-sung, the last of the House of Cheng, finally surrendered to the Manchu Government 23 years after the historical landing at Tainan.

## Cheng Regime Enlightened

The Cheng regime in Taiwan, except for the last phase, was purposeful, enlightened and benevolent. Under its administration the Taiwanese were encouraged to extend their cultivatable land; the soldiers at the various military posts were ordered to grow rice; and schools, temples and public edifices were erected. Furthermore, people were directed to increase the output of salt and sugar as well as rice, these being surplus commodities which the island could exchange with the mainland for goods it needed.

But what seemed most significant was the spirit of loyalty and courage which Cheng Ch'eng-kung had instilled in the successive generations of Taiwanese. The Japanese, with all their thoroughness and cruelty, failed to suppress this completely, as was testified to by the periodic uprisings that punctuated the 50 years under their rule.

The Manchu rulers of China were eager to occupy Taiwan and put it under their rule, more because it was the stronghold of the refugee Ming Government championed by Cheng Ch'eng-Kung which they replaced on the mainland than because they wished to govern Taiwan as part of the Chinese Empire. The island was then made only a prefecture—the Taiwanfu—of Fukien province. The seat of the Fukien governor was in Foochow, 150 miles from Keelung, but none of these governors ever took the trouble to visit this "distant" place. Whatever government there was in Taiwan was, at best, perfunctory.

Under these circumstances the Taiwanese were more or less left to shift for themselves against Mother Nature and the head-hunting aboriginals whom they call "fan" or savages (this probably accounts for the courageous and independent nature of the Taiwanese). Negligence on the part of the Chinese Government induced the French to blockade Taiwan during the Sino-French war which began in 1884. Although the French failed to occupy Taiwan, the fear that it might be taken by any foreign power if its defense and government were not strengthened was brought home to the Chinese Government, and in 1887 Taiwan was raised to the rank of a province with General Liu Ming-chuan its first governor.

Under Governor Liu, an over-all construction program (a sort of 10-year plan) for Taiwan was initiated, which included railway construction, installation of telegraph network, harbor improvement and the building of fortifications. The Governor also gave emphasis to education, local self-government and the increase of native products. All this meant more expenses, which he made up for by the introduction of commodity taxes and a revision of land taxes to which the local people reacted very unfavorably. He was relieved from his post only a few years before Taiwan passed into Japanese hands as a consequence of the Treaty of Shimonoseki of April 18, 1895.

## Japanese Control

When the news of the transfer of the island to Japan reached Taiwan, the people were shocked, and under the leadership of a Taiwanese named Ch'iu Feng-chia (Khao Hong-kah in Taiwan dialect) decided to oppose the cession. In tears, the people petitioned their Governor, Tang Ching-sung, and suggested that Taiwan be made a republic.

Since the Chinese Government could not retract what it had agreed to give the Japanese, the Taiwanese could only resist with whatever resources and troops were available (there were then on the island about 120,000 soldiers, mostly unequipped and without training). They declared Taiwan a republic on May 23, 1895, with Tang as President, the first republic in Asia.

In face of the overpowering onslaughts of the Japanese troops, the republic lasted only a few weeks. But the Japanese were not to enjoy peace for many a year after the occupation. The local inhabitants took to guerrilla warfare against these alien rulers for a whole decade, worrying them with sporadic

uprisings until as late as 1942 when the Tsai Chung-su incident took place in which more than 1000 Taiwan patriots were involved.

China had never given up hope of recovering Taiwan from Japan. In the Cairo Conference of 1942, both President Roosevelt and Mr. Churchill had agreed in a joint statement that whatever territory (e.g., Taiwan and the Pescadores Islands) Japan had taken from China should be restored to China at the end of the war. After the Cairo Conference President Chiang set up a Commission for the Study of Taiwan. The members of this Commission consisted mainly of Taiwanese who had returned to China to participate in the war of resistance. General Chen Yi was its chairman.

After the Japanese surrender, General Chen Yi was sent to supervise the taking-over ceremony which took place on October 25, 1945. He was received with enthusiastic acclamation by the Taiwan population. People patiently waited for hours at the airport and along all the main streets to welcome him. He was then, not just a Chinese general, but a symbol of the open arms of China stretching out to embrace the Taiwanese who had at last returned to the bosom of their beloved Mother country.

Had General Chen Yi been more judicious and restrained in his political acts and more careful about the choice of his staff, he would still remain the most popular man in Taiwan. For after all, as a person he is straightforward, energetic and took his duties seriously. The failure of his administration led to the "February 28" incident, a tragedy depicted as a "Blood Bath" by an American writer who was on the spot during those frightful days, and to General Chen's downfall.

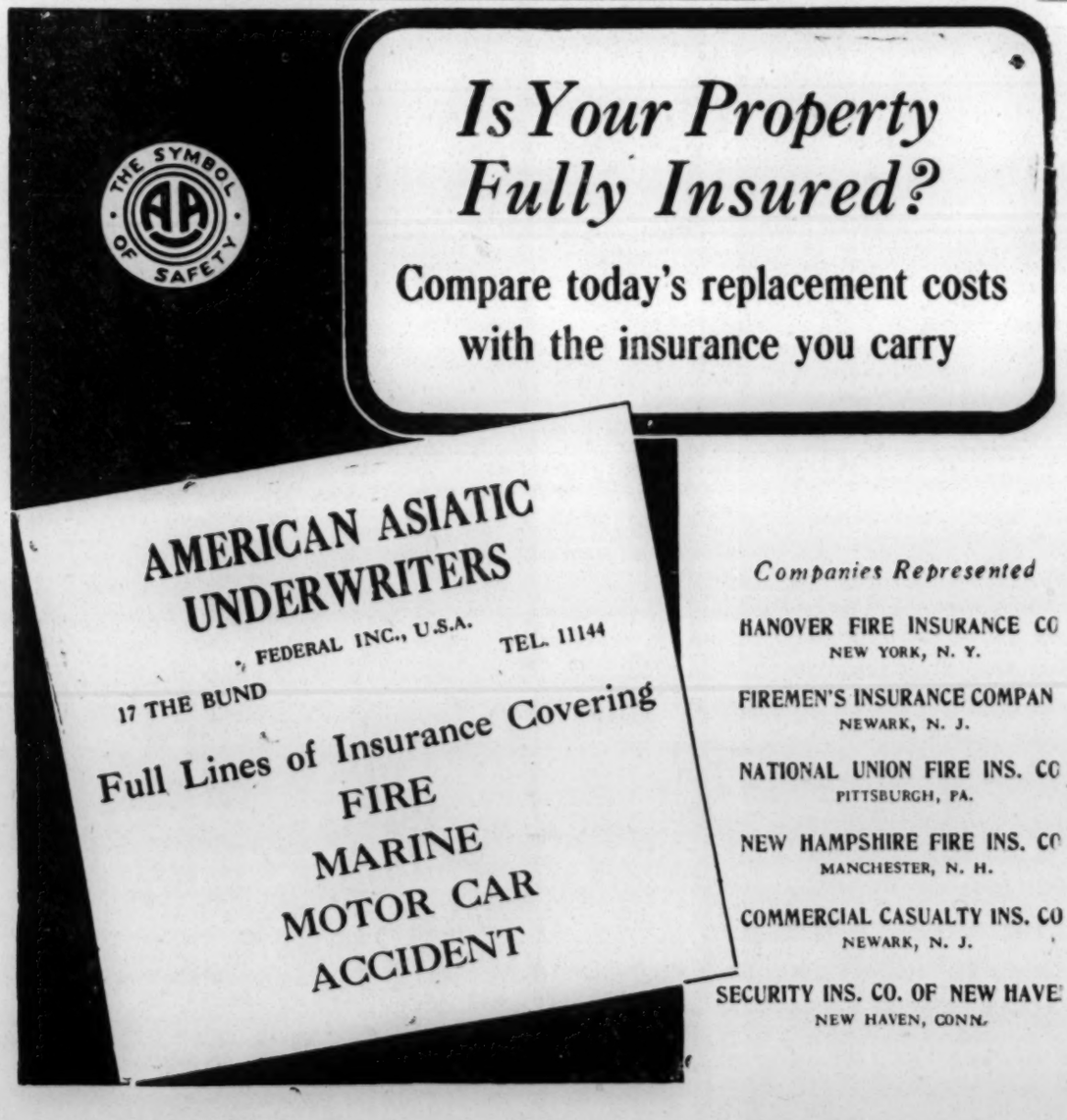
## Good Administration Needed

Ever since the "February 28" incident, the Taiwanese have become very reserved in their criticisms of the administration of their government. This reticence is ominous. Only time and good administration can restore the confidence and affection which they once had for their mother country and her representatives on the island.

It was, therefore, a happy choice to have a man of Dr. Wei Tao-ming's type succeed General Chen Yi after the calamity and before the storm had completely subsided. Since force and violence had failed to cow the inhabitants of the island, it was plain they could be won over only by a governor whose object was, not to *govern*, but to *govern with*, them. Governor Wei has accurately sized up the situation and has acted accordingly.

Lately there have been whispers of an underground Taiwan independence movement which are now confirmed (*Central News*, Tokyo, Oct. 6). There should be no fear of its ever coming to the surface if the majority of the Taiwanese are content with conditions prevailing there.

That is why so much depends on the success of the present administration and on greater participation by the Taiwanese in the government as well as in the development of their economic resources. There are many Taiwanese who are farsighted enough to realize that their island home, however rich may be its economic potentiality, would have no chance of being able to stand by itself. Once it left China, it would sooner or later fall into the clutches of people with whom the Taiwanese have no racial, linguistic or traditional affinity, such as they have with the people of China's mainland.

# CHINA IN TRANSITION

Lin Chi-chun

THE HISTORY of China is in a transitory stage. There are conflicts between two different cultures, the old and the new, Oriental and Occidental, feudalistic and anti-feudalistic. China is in a period of disorder and catastrophe, in a stage of surprise and wonder, in a time of brutality and inhumanity, and also in an age of bravery and progressiveness. While the present-day history of China is a page of blood and tears, it is also a page of hope and light.

## Beginnings Of Civilization

According to Professor Toynbee, Challenge-and-Response plays an important role in the genesis of civilizations. The absolute theory that civilization begins where environment offers easy conditions of life to man has been rejected. It is the difficult environment, physical and human, that challenges mankind with a stimulus, which, in turn, forces man to bring about civilization in response. In the birth of a civilization from the barbaric stage, it is physical environment which plays the main role; but in the case of a new civilization evolving from an old one, it is the human environment rather than the physical which dominates that civilization's development.

Such a theory is authentic in the case of Chinese history. There were two stages of civilization in the history of China. The one originated from the pre-historic, uncivilized ancestors; the other grew from the first one. The former is called the Sinic Civilization or the Ancient Chinese Civilization, while the latter is called the Oriental Civilization, the Far Eastern Civilization, or more commonly, Chinese civilization.

The historical age of China did not begin until the 18th Century B.C., when the Shang dynasty came into existence. Some scholars have chosen the period of Yang-Shao Culture as the beginning of Chinese civilization, but that age proved illiterate. The Shang Dynasty was succeeded by the Early Chou, or the Western Chou, in the year 1122 B.B. Ancient Chinese Civilization consisted of both dynasties, the Shang and the Western Chou. This civilization ended by the 7th Century B.C., two centuries before Confucius was born. Later on, an innovation of civilization emerged from the ruins of the ancient culture, which lasted more than 2,500 years. From the first century on, this civilization was intermixed with the exotic Hindu civilization, spreading over the Oriental World and becoming the Far Eastern Civilization.

Ancient Chinese Civilization, or the Sinic Civilization, took place along the valley of the Yellow River. The cradle of the Shang Dynasty was in the lower valley of the River, while the Western Chou developed in the upper valley. Compared with the Yangtze valley, the environment of the Huang Ho (Yellow River) was, and still is, more difficult for life. But the beginning of civilization preferred the place with harder conditions.

Just as the difficult physical environment evoked the initiation of the Ancient Chinese Civilization, the exacting human environment of social disorder by and after the 7th Century B.C. brought forth the growth of a new civilization in China. A series of civil wars, class struggles between landlords and serfs, invasions from outside, collapse of feudal aristocracies—all these arduous conditions during that time stirred up a new civilization.

## Differences Shown

The main differences between the Sinic Civilization and the Oriental Civilization are economic, political and cultural.

*Economically*, the Sinic Civilization had implements made of bronze, and therefore was called the Bronze Age, while the implements used in its later stage were mainly made of iron, and this age was, therefore, called the Iron Age. The mode of production, or the relationship of production, in these two stages showed another great distinction. In the Sinic Stage, there was a land system called "Ching T'ien," or the "Well-field" system, a system whereby arable land was assigned in sections to a certain number of peasant families, with tribute to the landlord taking the form of a common field tilled by these peasants. The peasant was permanently attached to certain land assigned to him, living a life something between serfdom and slavery. This land system was finally abandoned, and a new method of land proprietorship was created at the beginning of the later stage of Chinese civilization, the tenant system then being substituted for serfdom. This system has prevailed throughout 25 centuries and still exists today in most parts of the country.

*Politically* the Sinic Stage was ruled by the priestly regime. A large body of praying priests, diviners, and sorcerers helped carry on and direct state affairs. These conditions were especially predominant in the Shang Dynasty, although in the period of Western Chou, the influence of magic still swayed sovereigns. Upon entering the period of hegemony, there came a trend toward centralization. Since the reformation of the First Empire, China has been ruled both by an absolute monarchy and a feudalistic bureaucracy, which has in fact not perished even to the present time.

*Culturally*, the Theological Age in the Ancient Civilization varied from the Metaphysical in the later stage of Chinese Civilization. The ideas of Yin-Yang and Wu-Hsien, or the Five Physical Factors, have influenced the Chinese mind for thousands of years. It was common practice to analyze any field of knowledge according to the principle of Yin-Yang and Wu-Hsien; astronomy and medicine, for example, were interpreted by this principle.

It has already been explained that Chinese civilization was characterized by a tenant system of land, a minority rule of absolute monarchy and feudalistic bureaucracy, and a metaphysical culture expressed by the ideas of Yin-Yang and Wu-Hsien. That is the proper and original Chinese culture. It reached its peak about the 2nd Century BC and was in all its glory during the First T'sin and Han Dynasties.

Then came a modification. Concentration of land and wealth, overpopulation in North China, corruption of the aristocratic families, and the downward morality of Confucianism, made the Empire collapse. Disunity of the country followed for 400 years, but Chinese civilization continued to live on without collapsing along with the Empire. It was not that Chinese civilization itself could stand against the storm, but that there were internal and external factors providing an outlet for saving it from ruin. Firstly, there was the virgin land in most parts of South China that provided opportunity for Chinese migration. Secondly, while the barbarians succeeded in invading North China and ruling it, instead of conquering Chinese civilization, they were eventually absorbed into it, speaking the Chinese language, adopting Chinese customs and habits, and giving fresh blood to the Chinese people. Thirdly, the introduction of Buddhism which was widely accepted by the Chinese brought innovations to Chinese culture and gave it new life.

## Outstanding Period

The Sui and T'ang Dynasties, from the end of the 6th Century to the beginning of the 10th Century, were founded on these bases; namely, rich resources from the valleys of the Yangtzekiang and Sikiang, strong manpower from the newly intermixed race in Northwest China, and the influence of prosperous Buddhism on the world of thought. This Second Empire, especially the T'ang Dynasty, produced the most brilliant civilization of that time. Chinese culture, following heroic horsemen as well as poetic pens, extended its borders. Surrounding countries were deeply affected, and most of them were culturally Sinicized. Japan, for instance, copied Chinese culture, and had a social revolution, completely changing the way of life of her people. Korea, Indo-China, Tibet, and islanders of the distant parts of the South China Sea, all adopted this civilization from their

vigorous neighbor. Thus Chinese civilization was developing into Oriental, or "Far Eastern", civilization.

### Competitor From The West

For more than nine centuries after the fall of the Second Empire, China held on to her prosperous and glorious civilization, despite the frequency of barbarian invaders and the peasant revolts. The outstanding achievements from the Sung Dynasty to the Manchu reign may be noted as follows:

First, a stream of migrations, both external and internal, rose to the highest peak in Chinese history. External migrants went southward to peninsulas and islands around the Indian Ocean and the South China Sea, while internal migrants went northeastward as far as the valley of the Amur River and southwestward to the edges of the Tibetan Plateau. This movement, of course, was caused principally by overpopulation in China proper, but it meant the vigorous and continuous extension of Chinese Civilization.

Second, centralization and absolute monarchy were at their peak throughout four dynasties—the Sung, Yuan, Ming and Ch'ing. Localization and partition by the warlords, which had previously prevailed in, and after the Second Empire, now disappeared. Civil officers were appointed in place of militarists to take administrative posts throughout the country. The pen was superior to the sword, although it was not mightier than the sword. The results were two-fold. On the right side, absolute centralization pushed the country into national unity, at least in the sense of civilization; while on the wrong side, laying stress on civil service and neglecting the military, caused China to be ruled by traditional bureaucracy and officialdom, which undermined the spirit and vitality of the nation as a whole.

Third, a new school of philosophy, Neo-Confucianism, came into existence in the Sung Dynasty and lasted nearly nine centuries. It was a synthesis of Buddhism, Taoism, and Confucianism, a combination of Indian culture with that of Chinese. It was recognized as the orthodox philosophy of China, and was supported by the state from the end of the Sung dynasty. Its merits and demerits are beyond the scope of this article but it was clear that Neo-Confucianism in its later period ruled people with a heavy yoke instead of leading them through morality as in its early period.

Chinese civilization, being the most developed in the Oriental world, met no competitor until the beginning of the 19th Century. The Western World was still not out of the Medieval Age, when the Venetian Marco Polo returned from China. It was in the early 16th Century that Europeans of the New Era, after the time of Columbus, began coming into contact with China. The Portuguese gained Macao for a permanent port and settled in China in the year 1535; the Jesuits came a little later. Famous Mathew Ricci arrived in Nanking in 1587 and died in Peking in the year 1610. Commerce, religion, astronomy, arts, etc., came to China from Europe over three centuries ago, but there seemed no great effect on Chinese culture during the early period. Many historians have remarked that the outbreak of the First Opium war in 1840 was a demarcation destined to decide the future of Chinese civilization. It is perhaps not too materialistic to point out that Occidental civilization was superior to Oriental civilization only after the Industrial Revolution.

### Civilizations Compared

A comparison between these two civilizations, the Oriental and the Occidental, shows considerable difference. The two belong to different stages in the course of history; one is modern, the other, medieval.

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geographical revolution endowed Europeans during the 15th and 16th centuries with a new world. The Intellectual revolution made European thought change a great deal. Not only did human feelings and emotions progress and express themselves in a wonderful development of art and literature, but likewise modern ideas of natural and practical science appeared on the horizon. Europeans were freed from the yoke of religious intolerance by the Religious revolution, while the commercial revolution increased European wealth and brought about a new class, the bourgeoisie, who played the most important role in a later revolution. Then the Westerners witnessed many political revolutions, from the American War of Independence to the French Revolution. Both democracy and nationalism took root in the West and from there they spread all over the world. The most significant change in daily life came through the fulfillment of the Industrial Revolution, which took place toward the latter part of the 18th Century. This Revolution recorded a new era in human history. It gave birth to capitalism and socialism, making the world more complicated than ever before. The social revolution, marked by the November Revolution of Russia in 1917, was the last in a series of revolutions in modern history.

For five centuries, while the Western World launched revolution after revolution, the Eastern World, represented by China, preserved its conservatism and reaction. Up to the eve of the First Opium War, the Chinese people were thoroughly ignorant of how changed the world was outside their country; they were proud of the longevity of their history and its great civilization. But the weakness and backwardness of Chinese civilization was finally exposed when China was attacked and inevitably defeated by the Western "barbarians."

## The Transition

After the Opium War, China was forced to change anything and everything to suit the Western barbarians, no matter whether the results of the change would be good or evil for her people. A little more than 100 years have passed since Chinese civilization first met its competitor. What has been changed in this period?

In the first place, there were changes in economic life. Transportation and communications were improved. The China Navigation Company was founded in 1872 and some years later the first railroads were built. The telegraph system was introduced in 1882. Industry and commerce also had innovations. Ports first opened at the time of the Treaty of Nanking, in 1842. Afterwards new ports opened along the seashores of China and along inland rivers which were navigable. The Hanyang Ironworks were started in 1895, and coal mines operated even earlier. Cotton mills and a number of other factories were centered in such cities as Shanghai, Tientsin and Hankow.

In the second place, political changes were carried on step by step. After the suppression of the T'ai P'ing Rebellion, the position of many upper class Chinese seemed more stable. They had won their prestige and reputation in the country and over the Manchu officers, who were corrupt and unable to continue to rule China. This opened a way for the National Revolution. But reformation came ahead of the revolution. Led by a classical scholar, K'ang Yu-wei, the Manchu regime was preparing a road for the constitutional monarchy in the year 1898. It soon perished through a coup d'etat arranged in that year by the Empress Dowager, T'zu Hsi, a reactionary leader. Next was the Revolution of 1911, led by Dr. Sun Yat-sen, which gave birth to the Republic of China. This success meant little more than to change the name of the country. Not only did the traditional feudalism of the country remain, but so did all the reactionaries, warlords and bureaucrats who continued to reign over the "New" China. Democracy was still not a Chinese experience. The hope was held that, when the newly organized Kuomintang, together with the Chinese Communists, launched a Nationalist Revolution in 1926, with policies advocating cooperation with Russia and with laborers and peasants all over the world, this was to be a real revolution of the mass of the people; and it would have been, if the Kuomintang and Communst elements had not split.

## Cultural Changes

In the third place, changes in culture were obvious among the Chinese intellectuals, though the majority of the lower classes were as yet ignorant of the new culture and civilization. China sent students abroad after the suppression of the T'ai P'ing Rebellion, mostly for the purpose of studying the manufacture of battleships and cannon. This, of course, did nothing to improve Chinese culture but it had its by-products.

National Peking University was inaugurated in 1898 and the old Examination System was abolished with the beginning of a new Education System in 1905. The most significant and effective reform in modern Chinese civilization was the Student Movement or "Five Four Movement" started in Peking in 1919. This was an anti-feudalistic movement with the slogan, "Down With Confucianism." It has been pointed out that the Communist Revolution in China would never have taken place had the student movement of 1919 not occurred.

Chinese civilization has changed in many phases and is still changing. But it has changed too little and too slowly. Economically, it is estimated that only about one percent of the population has any connection with modern industry. More than three-fourths of the population are peasants, of whom most are tenants. China has never been industrialized nor has she really cleared herself of the shackles of economic feudalism. Most of the industrial constructions which have prospered throughout many great cities of China have been built by foreigners. These industries are now partly Chinese-owned and partly foreign-owned. Therefore, it is accurate for historians to name the age of modern China, the "Semi-Colonial and Semi-Feudalistic Age."

Politically, although we are now told that we have a Constitution and a President, does anyone believe that China has become a Democracy? There is considerable question as to how the Constitution was formed and how the General Election was held.

## Metaphysics Still Rule

Culturally, not only are most of the people still illiterate but most of the intelligentsia, reactionary by nature, stand out against the new learning, both in the field of natural science and in the social sciences. It is sad indeed to see people not yet 40 years old, who ought to be pioneers in the modern age, going backward. The metaphysics of China still rules the peoples' minds. Most intellectual persons who have passed the period of youth return to the beliefs of Yin-Yang and Wu-Hsien. The building of an old style Chinese Medical Hospital, for example, was approved by the Shanghai City Council at its last meeting in spite of the objections of many medical doctors.

The transition must go on, however. It has a goal—Democracy and Science. Democracy means liberty and equality, including not only political democracy but economic democracy as well. As long as this goal is not reached, the transition struggle will go on. If it cannot be achieved through peace, it will be gained through war. China is reaching its goal but unfortunately and inevitably, through a bloody Civil War.

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# Economy Hit By Military Situation

**J. R. Kaim**

THERE is no doubt that as matters stand at present, the military situation is bound to influence the economic picture. It is also a well-known fact that not only does bad news travel faster than good news but it also usually produces more rapid results. Thus, when the first news arrived in Shanghai of Communist advances in South and Central China, the consequences were more important and the general impression, deeper than when Government successes were reported some days later. Also taking into consideration that the COL Index showed an 800 percent increase over the August 19 price level and that contrary to press reports, new rates of exchange were not announced by November 16, one must admit that business in general during the past ten days was not as bad as was to be expected.

It seems to be a fact, however, that due to the sad military position, a number of exporters of China produce preferred to adhere to a wait-and-see policy and not to invest new funds in future transactions. In other words, they hesitated to advance funds to their purchasing agents in the interior or to small-scale manufacturers in Shanghai's hinterland. Had the money market been less tight, they might have decided at least to execute part of their former plans, but as money was scarce and, therefore, expensive, they obviously preferred to wait for further war news rather than to remit money to jeopardized areas.

In various fields, prices recently have come down to such an extent that if the rate of exchange is increased to GY 20 for one dollar, exports appear to be possible. Whether the price drop was due to better war news, as some believe, or to the shortage of cash, as most people believe, does not matter. The decisive fact was that many commodity prices slackened. This will offer the buyers and exporters good chances—providing they have sufficient means to take advantage of the situation.

## Lesser Of Two Evils

In this connection, the chief question to be answered by any economist in this country at present is which evil he considers the smaller one, the money shortage or the printing of large quantities of banknotes. Obviously, when prices came down, this was, at least partly, due to the cash shortage, which, however, may hamper exports.

One would think that the money shortage and the tight money market are the lesser evils. If the price position is not again affected by unfavorable military reports, there can be no doubt that the tight money market must, in the long run, force prices down. There is, on the other hand, a discrepancy between the allegedly planned 400 percent hike of foreign exchange rates on the one hand and the 810 percent hike in the cost of living. It must be anticipated that in spite of the money scarcity some prices will follow the trend of the cost of living. Even then, however, the fact that people simply do not have sufficient cash for buying what they want, may offer some kind of protection against rapid price developments.

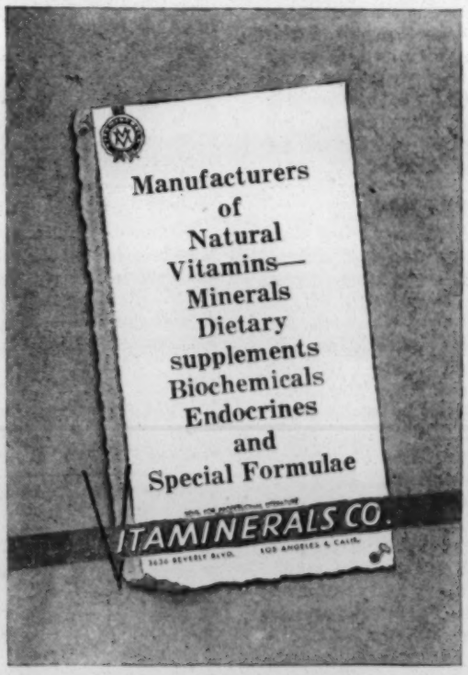
A tight money market does not mean, of course, that the issuance of banknotes has to be stopped. When prices increase around 800 percent, it is evident that one needs more banknotes than on August 19. But the market may be kept tight, nevertheless, and bank credits may be curtailed to almost the same extent as was the case in the middle of this month.

For, there can be no doubt that much of what happened during the CN dollar inflation was due to almost unrestricted credits which were granted for all kinds of transactions and also were granted to exporters whose only purpose was to obtain them for black market activities.

Yet, it is evident that scarce means of payment results in slackening consumption and, after a short time, in declining production. This usually leads to unemployment with all its sad consequences. Obviously, however, such consequences are less terrible in China than in highly industrialized lands with an urban proletariat where workers cannot "go home" to their villages. If reports by travel offices are correct, hundreds of thousands of people recently have tried to obtain transportation to their native homes; many of those who left apparently have done so not because of the military situation but because they could not make a living here.

## Danger In Note Issue

There are several means to counteract the danger of unemployment and to increase production in spite of a tight money market. Supply of basic materials on a credit basis (not credits to buy such materials) and control of their use for original purposes is one of them. Permission to export on the basis of special exchange rates is another. Thus, from most points of view the

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dangers produced by the money shortage are less impressive than those resulting from the rapid issuance of banknotes.

However, even if the money market were less tight than it actually is, no businessman could expect domestic consumption to remain at its October level. In September, when people hurried to buy whatever they could obtain for their money at fixed prices, it was evident that by doing so, they were covering their consumption needs for quite some time. Those who bought three or five pairs of shoes, probably, would not buy another pair this year. Those who purchased cloth have all they need for several months. Thus, it is by no means the money shortage alone that has produced the present stagnation in consumption—at least in several lines—but to a great extent the stagnation is a consequence of the authorities' policy after August 19.

The regrettable fact is, however, that in some fields supplies still are less than the demand and it is a matter of fact that such shortages can only be overcome by larger imports. Whether such imports are possible and probable so long as the military position remains as uncertain as it seemed a week or so ago, is doubted by many. By admitting this fact we again are where we started; namely, that from any point of view, further economic developments and all decisions referring to them depend primarily on future military events.

### Economy Deteriorated First

Yet, today when the Government is confronted with so many difficult problems, under present conditions it cannot be held responsible as it would be under normal conditions. It is to be remembered that the drastic worsening of the military position happened much later than the rapid deterioration of the economic position. In other words, by no means should one think that everything would have worked out had there not been those unforeseen military setbacks. What produced the worsening of the economic situation was not war. Primarily responsible was the Government's plan, and the sticking so its economic reform program in spite of all obvious shortcomings. It must be acknowledged that the presently applied policy has brought about at least some success and gives some hope for improvement. No one, of course, can expect any real betterment without a real improvement on the military and political fronts.

The fact is that businessmen are not only extremely cautious under present conditions about investments of any kind, but they are also anxious to move part of their interests to safer regions. No one could expect them to react otherwise.

# The Week's Business

DURING the week ending November 17, business in this city, so far as there was any business at all, was chaotic. The Government had not yet fixed a new rate of exchange. There were rumors about a new export-import link, but up to the time of writing no further information has been available.

The fact that for reasons unknown to the public the Government failed to establish new exchange rates so that the official dollar rate continued to be four GY to one US dollar, of course, hampered commercial exports. No one wanted and hardly anyone was able to ship goods at that rate even when so-called roundabout ways were used.

Simultaneously, the COL index was increased by 810 percent (above the August 19 level, date of the promulgation of the new currency). While many workers were not satisfied and considered the index too low, businessmen were hardly able to pay wages and salaries.

Quite apart from such financial and general commercial troubles and sorrows, information published in the press regarding the military situation impressed business tremendously. War news was contradictory and so was information about the plans of local firms, Chinese as well as foreign ones. While it was a well known fact that quite a few firms were eager to shift their interests to the south and while rumors had it that some foreign enterprises were offered for sale, no exact information was obtainable. The only frankly admitted fact referred to the Chinese aviation companies which were reported to have purchased property in Canton.

It was also reported that the money shortage which continued to prevail throughout the week under review was not only caused by the scarcity of means of payment in general, but also by some people keeping large amounts of cash at home in order to have some funds on hand in case of an emergency. Furthermore, rumors had it that some Chinese firms had remitted large amounts of GY to Canton and other southern cities, not by normal banking means but by sending crates full of notes.

With the military situation becoming extremely precarious, and conflicting news embarrassing businessmen, it was only a logical consequence to see firms very cautious and reluctant when it came to advance payments to be made for future exports. It was reported, for instance, that firms interested in shipping eggs to Europe, particularly to Britain, and usually paying in advance through their purchasing agents, decided to stop further advances last week.

While during the week under review the authorities announced they were going to mint gold and silver coins and were willing to sell them to the public—with a view to creating more confidence in the legal tender—hardly any business of any importance with the Central Bank was possible. Not only did the bank know nothing about new exchange rates, but the three leading personalities were all on sick-leave. Various rumors concerning that happening circulated about town and, naturally, did not fail to impress the market further.

Generally, prices went up during the week under review, but the advances were less spectacular than was generally expected. When the 810 percent index hike was made known, rice and some other foodstuffs went up, but on the whole the tight money market rendered rapid price increases impossible. Generally, the turnover was very limited. Partly because businessmen were not eager to sell and partly because their clients were short of cash. As matters stood during the past week and as they stand at present, goods still appeared a good investment, providing one had the means to wait and see.

Turnover in retail stores, too, was extremely limited. People had used their funds (including those obtained from the sale of bullion and foreign currency) for buying all kinds of personal supplies during September and October. Now, with the buying spree over, shopkeepers would have liked to see many customers, but actually saw very few.

Meanwhile, shares dealt with on the black market were reported to have declined during the week. For such losses, bad and contradictory war news was partially responsible. However, the tight money market which forced holders to sell in spite of the slackening prices also played a major role.

Similar declines were reported from other sectors of the black market where, for instance, rates of foreign exchange were not much higher than those which the press had announced as rates contemplated by the Government.

The very fact that in spite of the political situation foreign exchange rates on the black market failed to show a run-away tendency showed the influence of the tight money market.

# NEWS OF THE WEEK

## Hsuchow Battle Continuing; War-time Cabinet Advocated

THE battle of Hsuchow is still in progress at the time of writing, with the Nationalists claiming big victories. The Ministry of National Defense said on November 15 that the Communists in the Nienchuang district east of Hsuchow, hemmed in on both sides by two Nationalist army groups, were "showing signs of retreating northwards."

Rumors current in Nanking that the Communists had thrown a tight cordon around Hsuchow with Red spearheads only five miles from the city were officially denied. A military spokesman said the main body of both Communist and Nationalist armies were fighting a decisive battle 30 miles east and south of Hsuchow, leaving the city itself in the background for the moment. He admitted, however, that small Communist units had infiltrated to within striking distance of Hsuchow, but they did not constitute any menace to the city's security.

What's more significant and interesting is that the Reds seem to have by-passed Hsuchow and driven southward. *Reuter* reported November 15 from Nanking that rapid Communist advances across the arc southwest of Hsuchow had changed the entire complexion of this vital battle upon which the fate of Nanking hangs. The report said: "After several days in which the Government has claimed successive victories, the offensive now appears to lie definitely with the Communists. The situation at Suhsien, on the railway about 35 miles south of Hsuchow, is reported to be serious. Here, Nationalist troops are menaced by four Communist columns which have moved swiftly down from the Hwangkow region, west of Hsuchow. These troops belong to Chen Yi and Chen Keng. They are now engaging the Nationalists in bloody fighting just north of Suhsien. A greater threat to the Nationalists is being posed by the famous one-eyed General Liu Po-cheng, who has massed four columns and sent them marching down in a move to cut across the rear of the Nationalist armies. Part of his forces have reached Suikikow, west of Suhsien. A significant feature of the operations now underway is that the Communists appear to have changed their strategy and are prepared to risk full-scale frontal battles rather than limit their attacks to thrusts and withdrawals."

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### Air Arm

THE Chinese Air Force is playing a major part in the present battle of Hsuchow. According to press reports, bombers and fighters from Peiping, Tientsin, Hankow and Nanking military air fields were flying around-the-clock daylight missions against Communist artillery nests, rail communications and troop concentrations in an all-out effort to prevent the Red capture of Hsuchow. This apparently is the first time in the Civil War, it is stressed, that the air force unleashed its full power against a single objective. Military observers credit the operation with contributing heavily to the Nationalist effort in what is shaping up as the war's biggest battle which may determine the ultimate fate of Nanking and Shanghai.

Although the number of planes involved was kept secret, a high official told the United Press that the planes used were absorbing virtually the full first line strength of the Chinese air force.

Eye witnesses arriving from Hsuchow told the press the air attacks were most effective against the Communists who do not have their own planes or substantial anti-aircraft batteries The Reds sally forth from their positions at night when bombing ceases and take up new lines in which they lie low during the day.

In view of the vital role which is being played by the Chinese air force in the Civil War, some people insist on strengthening the air arm, as the most effective weapon for fighting the Chinese Communists. Scripps-Howard's newspapers made the interesting revelation that Major-General Claire Chennault is willing to lead a new Flying Tiger task force to combat the Communists, if Nanking and Washington approve. It is alleged that Chinese circles are intensely interested in such a proposed mixed group of American and Chinese fighters, which they regard as an emergency measure for the present grave North China crisis. It is further disclosed that the plan already under consideration would enlist 200 American pilots for precision low-level attacks, equipped with fighter-bombers, medium bombers, reconnaissance and transport planes.

Such a force, it was claimed, could be brought to bear on the situation anywhere in China. Best estimates say such an outfit could be flying in three months, providing the necessary "go-ahead" is given in Nanking and Washington, the papers said.

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### US Aid Sought

IN view of the present highly critical situation, the Chinese Government is looking toward Washington for greater aid. A Foreign Office spokesman in Nanking confirmed on November 10 that talks are under way both in Paris and in Washington between Chinese officials and United States Government representatives concerning the extension of aid to China. In Paris, Dr. T. F. Tsiang, Chinese delegate to the United Nations, conferred with Secretary of State, General George C. Marshall, about the future extent of American military and economic aid to Nanking. In Washington, the Chinese Embassy is reported to be engaged in discussions with the United States Government "for increased aid to China, both economic and military."

Chinese Ambassador V. K. Wellington Koo made a stirring appeal to the United States for urgent aid to China. According to Koo, the Chinese Government needs approximately US$1,000,000,000 worth of aid to continue the fight against the Communists but even if no aid is forthcoming China will fight on. He stressed that the amount of US$1,000,000,000 was only a talking figure to enable a layman to grasp what China needs. However, he continued: "Even if no aid comes China will fight on. But it will be more difficult for us. The Generalissimo has made it very clear that where vital principles are concerned our people do not give up easily."

In addition, Koo urged the issuance of a United States policy declaration expressing sympathy and solidarity with China's fight against Communism, because, he said, China needs moral and spiritual as well as material support. To his way of thinking, such a declaration would boost both civilian and military morale.

Koo particularly called serious attention to the world significance of the present fighting in China, warning that should China fall under complete Communist domination, the effect on the rest of Asia would be tremendous and would leave the Communists in position to conquer the continents of Europe and Asia.

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### War Supplies

IN response to the urgent call for help, the United States army and navy have ordered "full speed ahead" for American arms shipments to China. To avoid delays from the west coast shipping strike or other causes, American naval and army vessels will carry the weapons, ammunition and military supplies. The arms, paid for out of the $125,000,000 which Congress voted for Chinese military aid, may fall short of replacing those believed lost by the Nationalists in North China and Man-

churia. In any event, weapons are viewed in Washington as much less important to the Nationalists at this stage than leadership and fighting spirit.

Earlier, it was disclosed that the United States had shipped 5,000 tons of ammunition to hard-pressed Chinese Nationalist armies and a much bigger arms shipment soon would be on the way.

The Defence Department said 4,000 tons of small arms ammunition had already been shipped and additional arms would move forward soon under the Chinese Aid Act.

Meanwhile, Chinese sources in Washington said the first major shipment of American guns and ammunition to China since the Communist sweep in Manchuria would depart any minute.

In addition, arms and ammunition were being rushed to China from Canada. Press accounts stated that 5,000 tons of explosives and 30 Mosquito bombers are on their way to China. A spokesman for the Chinese supply mission in Ottawa revealed that this shipment filled part of a Chinese Government order for 150 Mosquito bombers and surplus aircraft parts of the Royal Canadian Air Force.

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## War Cabinet

IN the face of the present severe crisis confronting the nation, President Chiang Kai-shek is reported to be planning top level structural changes in the Chinese Government to place it on a war footing in an eleventh hour effort to overhaul the Nationalist political and military fronts against the Communists. No declaration of a state of national emergency is yet contemplated, but the Legislative Yuan will be asked to grant broad emergency powers to the executive branch of the Government. The new changes, called officially a "war-time system," will result in cutting the powers of the Legislative Yuan.

According to press reports, this war-time system, suggested by several high Kuomintang leaders, has been accepted by President Chiang Kai-shek who appointed a special committee to map it out and put it through. The committee consists of several top-ranking party members headed by Wu Te-chen, Secretary-General of the Kuomintang.

The new structural changes planned are: 1) formation of an inner war cabinet with General Chang Chun, former Premier, as Prime Minister; 2) promotion of the Kuomintang party caucus in the Legislative Yuan; 3) broadening of the membership of the Central Political Council of the Kuomintang, highest policy making organ in China, to include representatives from the Legislative and Control Yuans.

A bill is expected to be introduced in the Legislative Yuan asking emergency powers for the war cabinet to enable it to act without prior legislative consent. Loss of legislative powers will, however, be compensated for by actual participation in framing national policies through legislators represented in the Central Political Council.

The essence of the new system is understood to be aimed at producing unity of policy and will in the divided Kuomintang which Chiang Kai-shek persistently emphasized as a "prerequisite to final victory."

Formation of a caucus representing all party cliques is regarded as especially urgent in view of the present confused alignments but is seen as the most difficult part of the task of setting up a war-time system due to prevailing bitter factional dissensions.

The Democratic Socialists are reported in the press to have voiced their objections to the formation of a war-time cabinet by drastically curtailing the powers of the legislative branch of the Government. It is pointed out that the trouble does not lie in any lack of power for the Government to do things as some people are arguing, but in the wrong policies the Government has adopted. It is further pointed out that the recent currency reform program was promulgated and carried out by presidential decree without meeting any opposition from the Legislative Yuan, but it failed all the same.

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## Gov't Not Moving

IN spite of widespread rumors of evacuation of high-ranking Government officials and their families from Nanking, the diplomatic corps in the capital has been officially informed by the Chinese Government that it is not planning to evacuate Nanking, does not know what city will be chosen as the capital should Nanking be abandoned and is not considering transportation facilities thereto, the *United Press* reported.

The decision was understood to have been communicated in a memorandum placed before an emergency meeting of the full diplomatic corps held November 16 under the chairmanship of French Ambassador Jacques Meyrier, dean of the corps.

A foreign office spokesman confirmed that diplomatic missions had submitted requests for information including a query on what protection the Chinese Government planned to accord diplomats if events demand this. The Chinese Foreign Office replied that in the line of their duty police authorities would continue giving routine protection to embassy and legation personnel.

The *United Press* claimed to have learned from authoritative sources that Canton has been definitely chosen, in top-level discussions, as the next seat of the National Government if it is eventually necessary to quit Nanking. It is further alleged that T. V. Soong, Governor of Kwangtung Province, has been privately asked to prepare for such a contingency. Besides these preliminary precautions, President Chiang Kai-shek has not made or even considered seriously any evacuation plans, *UP* added.

The removal of the capital was generally believed to be dependent on the final outcome of the battle of Hsuchow.

EAT AT
Jimmy's
133 Nanking Road
Shanghai
Branch 11-3 Rue Montauban

雅 新
SUN YA
Cantonese Restaurant
719 Nanking Road
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# US Magazine Roundup

## *Far Eastern Survey*

IN the September 22, 1948 issue of *Far Eastern Survey*, John E. Fields in an article called "Far Eastern Trade—1948" discusses trade conditions country by country and analyzes the various uncertain and adverse factors which qualify the upward trend of trade.

Mr. Fields begins by saying, "When the war ended three years ago, there was general anticipation of a robust era of trade and prosperity in the Pacific. Today, far from robust in anything but the number of zeros in meaningless monetary statistics, Far Eastern trade is tubercular in spots, anaemic in others, and only slightly feverish in still others.

"The Far East as a whole (arbitrarily treated here as that part of the Orient washed by the Pacific, excluding Russia) displays trade figures which in terms of dollars seem to indicate that it is importing about ten percent more than it did in 1937. Of course it is not. The prices of imports have increased between two and ten times; the Far East is getting considerably less than a third of what it got for its money before the war. Multiplied by years of privation, the natural demand is there; the dollars are not. Every Far Eastern country without exception is scaling down imports from the United States and other hard-currency sources in a struggle to balance trade and to conserve dollars for productive goods....

"In terms of present trade leadership (in volume), China ought to be, the Philippines looks as if she is, Malaya is, and Japan will be, at the top of the heap. This assumption is based on the present current of political thinking in the United States, translated into economic forces. The present article does not intend to argue the wisdom of rebuilding Japan, imposing 'equal rights' on the Philippines, or aiding China. All of these political considerations, however, are self-evident; they must therefore be accepted as pre-existing and continuing facts bearing upon trade today and in the near future...."

In discussing the situation in China the article states that while some foreign businessmen simply dismiss the Chinese business scene as impossible, some phases of Chinese trade could be salvaged if given the opportunity.

"In actual fact, China's commercial trade deficit (excluding UNRRA, ECA, etc., is remarkably low in view of the condition of the country. If there were any prospect of increased production as a natural by-product of national stability, China could finance a ten-year deficit at the present level through access to dollar reserves. However, politics is governing economics in China today; as long as politics is unpredictable, economics will be also.

"Economic statistics are virtually useless in taking inventory of the present trade situation. Chinese imports in 1947 had the largest dollar value of those of any country in the Orient. They were not all paid for (UNRRA); they were not all listed (US surplus gifts or payments"); and they were not all used (goods ranging from railroad equipment to canned milk are still immobile on docks or hoarded in warehouses). Similarly, export figures tell only half the story, as government regulations have served to encourage extensive smuggling. Both import and export figures fail to indicate that most of China's foreign trade is on a quasi-government basis which has not aided distribution but has worked to obliterate private trade channels which served China before the war.

"A new currency, pegged at four *yuan* to the dollar, was introduced on August 19. By the time this article is published, it is most unlikely that the rate will still be quoted at four to one. Before the rate reaches the astronomical proportions of its predecessor, however, it may give business a chance to re-orient itself, allow the government to initiate additional reforms (if it really wants them), and permit export goods to flow out of the agricultural-producing area into trade channels at a reasonable price. But any hope that the new currency will escape the fate of the old rests on purely political decisions; no amount of economic hypodermics can overcome China's tendency toward self-destruction.

"The outlook for the next six months is certainly better than it was for the last six. A certain amount of trade momentum, held inert by chaotic conditions in China, may be partially released by the American aid program. In its very early stages this program has been hardheaded. If it continues so, it will see no reason for any aid to China. Yet, such cries will be accompanied by the purrs of Chinese businessmen, who are far from being admirers of their current government." . . .

In conclusion the author points out after discussing conditions, in other Far Eastern countries, that, "It is, of course, quite impossible to summarize Far Eastern trade currents into an overall upward trend. There are enough exceptions to any single trend to qualify its validty, but not enough to establish two separate trends.

"Almost all of the agricultural Orient is demonstrating excellent resiliency, and could return to normalcy in the next three years. Whether it does so or not depends primarily on the political Orient, for there can be no realization of integrated trade prosperity in the absence of pivotal China. Similarly, the rebuilding of Japan, which has its own political motives, will not be brought to fruition without easy and efficient access to the resources and markets of the Asiatic mainland. And unless Japan becomes productive, southern Asia will not be able to reduce its payments to high-price-level countries sufficiently to reap the advantages of its agricultural and mineral production surpluses.

"Under almost any circumstances, the Far East as a whole will be vastly more prosperous in the next three years than it has been in the last three. But its subsequent destiny is too clouded to permit a specific forecast."

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## *Business Week*

*BUSINESS Week* in the September 11, 1948 issue published a story on the new currency (Gold Yuan) which says, "Mountains will have to be moved if Chiang's money reform is to succeed. Shanghai's shrewd business dopesters aren't too optimistic. They don't expect that the new currency laws will bring more than a month of real stability. Then they predict the gold yuan will come under the pressures that broke the old Chinese dollar. How right their predictions are depends on a lot of things. . . ."

The article goes on to say that the first test will be whether or not the backing for the new currency is as solid as the Chiang people at Nanking say it is. It points out that it is hard to say just what China's nationalized industries backing the new currency are really worth, that some of the plants are in areas already captured or neutralized by the Communists, and that others located in safer areas are so run down as to be very bad business risks.

"Most important to the sucess of the currency reform is Nanking's solemn promise to overhaul its whole fiscal machinery. The ultimate goal is a balanced budget. That would require two bold steps: (1) a new tax system, and (2) drastic curbs on government and military spending. . . ."

Another problem is the system of patronage in the civil service which has increased many times over its prewar level.

"With these obstacles, it's little little wonder that Chinese businessmen are taking a pessimistic view of the currency reform and of the chances for a balanced budget. Last year's budget missed balance by roughly 70 percent. That was just about the proportion spent on the civil war. The Communists are intensifying the conflict, if anything, so this year's budget may be just as far out of balance."

# Chinese Magazine Roundup

## *Observer*

THE *Observer Magazine* of November 13, carries a long and interesting report by its Nanking correspondent on the current political situation, giving some dope about behind-the-scenes political maneuvering in the capital. According to reports the government authorities in Nanking seem to be resolved to hold out but it remains to be seen whether they will be able to pull through.

"Present indications are that the authorities are determined to fight to the bitter end. But where is the capital that can be counted on? Where are the fresh troops that are needed to fight to the last? To what extent can foreign aid be relied on? What confidence is there that a foreign war will be a way out for China's civil war? All these questions call for early answers. In order to save the present desperate situation and in order to bolster up the sagging morale of the fighting services, overall reforms in political, military and economic affairs cannot be delayed any longer. But another question naturally arises: Where are the necessary functionaries to come from?

"The Kuomintang is a political party which is in office. But what constitutes the strength of the party? A handful of smart politicians alone will not be equal to the task. In the first half of this year have we not heard much clamoring for 'reform' or 'revolution' inside the Kuomintang? Unfortunately, this demand was ignored. Some people suggested that the Kuomintang be reorganized by following the example of the party's housecleaning in 1924. But to perspicacious observers, the suggestion is beside the point. The situation today is totally different from what it was in 1924. The reorganization of the party in 1924 was successfully carried out under the courageous and inspiring leadership of Dr. Sun Yat-sen, who placed particular stress on the broad mass of Chinese workers and farmers. More than 20 years have rolled by. Two precious years since VJ Day have been wasted. The opportunity of overhauling the Kuomintang and restoring public confidence is past. The political situation now is vastly changed.

"Judging from the prevailing attitude of the Chinese people toward the Kuomintang, no one can brag about the firm mass basis of the party. The bureaucratic capital of the favored families is in firm control of China's national economy. It has destroyed the productive power of the broad mass of workers and farmers and reduced the middle class to complete bankruptcy. This is the root of all the trouble.

"Another significant thing is a change in the quality of the political and military system . . . The authorities must engage in objective self-criticism and map out plans for a self-help basis instead of pinning all hopes for the future on foreign aid or cherishing illusions about seeking a solution for China's civil war in a foreign war.

"One of the most important things is to reject the views of others and not to be headstrong. Only by doing this will it be possible to see any ray of hope; otherwise the future would look gloomy indeed . . .

"The general impression in the capital is that there is no denying the fact that the present situation is very critical. But the real danger lies not so much in the military operations as in economic measures, foreign and political affairs. From a purely military point of view, the Government still can hold on for some time pending future developments.

"Another key to the present situation is a remarkable change in popular sentiment. The people long for a change. Recently, there have been lots of rumors. It was rumored that the Government is moving to Kwangtung. All these rumors are wide of the mark. A more or less factual estimation is that some people are considering emergency measures to cope with any possible eventuality. . . .

"Competent observers are of the opinion that unless there is a dramatic change in the situation, the present state of things will drag on for some time to come."

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## *World Culture*

IN spite of Harry S. Truman's re-election as President of the United States, Chow Cheng-fu in *World Culture* of November 13, predicts that there will be no marked change in United States policy in China.

"It is apparent that Truman's victory will not affect the bi-partisan foreign policy of the United States. According to a dispatch from Washington, in the next two years the bi-partisan foreign policy of the United States will be directed and controlled by the Democrats in Congress. However, all the programs that President Truman has formulated during his first term of office will remain without any important revision. So far as China policy is concerned, the State Department is reported to be studying the presentation of a report to Congress on US foreign policy, in which any proposal for more aid to China will depend on later developments. Democratic leaders who have some say in shaping the foreign policy of the United States stressed that they have never objected to American aid to China, but they were not quite enthusiastic about it Republicans, who demanded more aid to China, succeeded last spring in enabling China to receive a small portion of America's foreign aid but their influence in the new Congress has declined. Now that Thomas Dewey has lost the Presidential election, the promises made by the Republicans to send greater aid to China have become empty promises.

"It is felt that the Democratic-dominated Congress will not on its own initiative propose greater aid to China, unless President Truman makes the first move in this direction. President Truman has already expressed the hope that any China-aid program he may submit will have full cooperation on the part of Congress.

"However, this does not mean that the US Congress will wash its hands of the Chinese business. On the contrary, it will never forget about giving effective aid to China. But the aid must produce concrete results. This is the reason why American arms and weapons are being rushed to China and the various agencies of the AAG have been unified and reorganized into a Joint Military Group. But on the other hand, the United States has stressed its policy of non-intervention. The *Shanghai Evening Post* has emphasized time and again the need of self-help. . .

"Therefore it is safe to predict that there will be no change in the basic United States policy of extending bigger aid to China in Truman's second term of office as President of the United States. We are sure to hear more talk about self-help. The first thing needed at the present time is that the Government must be able to hold out for some time; otherwise it would be impossible for the US to do anything.

"It is only to be expected that there will be renewed talk about peace and reform. In this connection it is interesting to recall that a group of professors in Nanking headed by Professor Liu Pu-tung has addressed separate appeals to President Chiang Kai-shek and Communist leader Mao Tze-tung for peace. . . .

"Truman's re-election will not make American aid to China any better or worse. The key to the problem, it would appear, lies in future developments in China's internal situation. The United States is not expected to extend greater aid to China if the Chinese situation is beyond hope. On the contrary, as long as there is hope, the United States will do its best to help China. When the situation becomes hopeless, the United States will wash her hands of the whole business This is the reason why the United States has from the very beginning stressed China's self-help."

# What Chinese Papers Say

THE rice problem and peace rumors were two of the principal topics that were discussed in Chinese newspaper editorials last week.

* * *

## Rice Problem

IN commenting on the rice problem, most Chinese papers agreed that the present mess was man-made and that prompt action must be taken if serious consequences are to be averted.

The independent *Ta Kung Pao* wrote: "Shanghai's rice problem is entirely man-made. There should be no rice shortage in this city. First, Shanghai is not yet an isolated island, for it still has good communication facilities. Second, bumper crops are reported in China this year and the autumn harvest is being gathered. Third, the fertile paddy fields in the Yangtze Delta have produced more rice than can be consumed in this region. Shanghai is close to the rice-producing areas and need not depend entirely upon imported rice.

". . .There are rice stocks in the countryside. The trouble is that rice is not coming to Shanghai. Why are the farmers unwilling to send their rice to Shanghai? The reason is obvious. If they sell their rice they cannot get the goods they need in return. They don't want to keep GY notes in their pockets, either, for fear of devaluation. Rice riots have become very common, with the result that rice merchants are reluctant to make purchases from the rice-producing areas. This has added to the present confusion and difficulties."

As counter-measures, the paper suggested the following:

"In order to cope with the present desperate situation, the Government should allocate part of the commodities in its possession for barter purposes. Or it may use gold and silver that has been surrendered by private holders to buy foodstuff from the rural districts. While we do not oppose rice purchases from foreign lands, we feel it is unnecessary for us to depend entirely upon imported rice, because there is plenty of rice in this country."

In addition, the paper stressed that all obstacles to the shipment of rice to Shanghai must be removed and that the present methods of distributing rationed rice should be improved in order to insure greater efficiency and facilities.

The *Shun Pao* pointed out that two factors were responsible for the present bad rice situation in Shanghai. "First, the amount of rationed rice is not sufficient to meet the needs of the people. Each person is allowed to purchase only one tou of the rationed rice and he has to purchase another tou in the open market. Therefore, even if there has been no rice shortage, there is still a rice problem. Unfortunately, rationed rice for the month of October has not yet been distributed on schedule. Second, the obstacles to the shipment of rice to Shanghai have aggravated the whole situation. Moreover, many rice-producing districts have banned exports of rice, thus cutting off the source of supply for Shanghai.

"From these two facts, we can see that because supply and demand have not been properly regulated the rice situation has become such a serious one.

"In order to cope with the present grave situation, purchase of rice and wheat from the producing areas both at home and abroad should be encouraged as much as possible and the Government should do its best to protect the shipment of rice to this city. Besides, an over-all plan should be worked out for regulating the supply and demand of rice in different places all over the country."

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## Peace Rumors

ANALYZING the current peace rumors, the *Chung Yang Jih Pao*, official organ of the Kuomintang, emphasized that it was utterly impossible to talk about peace with the Communists.

"Because of the recent military reverses sustained by the Government forces, peace rumors have cropped up again. Some short-sighted people support the idea of peace as if the present difficult situation would be solved and stability and happiness achieved only if peace talks were resumed. Threatened by the extension of the Communist rebellion and rapid rises in commodity prices, life for the people is getting more and more difficult and this is the reason why they would like to pin their hopes on impossible illusions. . .

"There are still people who feel that the rebellion-suppression campaign is a civil war which could be solved by peaceful means. This is due to their lack of a clear understanding of the situation. The Communists not only want to seize power, but they also intend to build a base for their foreign masters to include China behind the Iron Curtain. . .

"It is possible that there are still people who are thinking of forming a coalition government, with the hope of solving the present hostilities by including the Communists in the Government. But this is a blind alley. If this could be done, the Communists would not have nullified the agreement that had been reached at the Political Consultative Council.

"Furthermore, the Communists are militarily stronger than they were in the days of the Political Consultative Council, and they certainly would not be satisfied with only a share in the government. Even if the proposal were acceptable to the Communists, it would only pave the way for one-party rule by the Communists."

In conclusion, the paper called upon all patriots to be prepared to "suffer hardships and cooperate wholeheartedly with the Government in fighting to the bitter end for the preservation of our national independence and integrity."

* * *

## Foreign Policy

THE *Chien Sien Jih Pao* proposed that China should clarify its foreign policy by concluding an alliance with the United States to fight world Communism.

"The other day some members of the Legislative Yuan proposed that a treaty of friendship and alliance be concluded between China and the United States. Do we need such a Sino-American treaty of friendship and alliance? The greatest disadvantage of the existing Sino-Soviet Treaty of Friendship and Alliance is that it has not only infringed upon China's sovereignty and paved the way for the recent occupation of Manchuria by the Chinese Communists but it also has made it impossible for China to take a free and independent stand on the current struggle for world supremacy between the United States and Soviet Russia.

"Shall we abrogate the treaty? It cannot be abrogated unilaterally. The only alternative open to us is to conclude a similar treaty with the United States as a counter balance, thus enabling China to hold the balance of power in the Pacific.

"Would such a treaty increase the possibility of a US-Soviet war in China? We think that while the United States and Russia are struggling for world hegemony it is unlikely that they will go to war. Even though there are war mongers in both countries those at the helm of each state would not dare embark upon such a disastrous adventure. However, should China side with either of these two major powers, there would be war. The only way to avert war is to create a balance of power in Asia between the United States and Soviet Russia. Therefore, a Sino-American alliance is necessary.

"Is such a treaty possible? In our opinion, the United States needs such a treaty. So far as the security of the United States is concerned, it certainly entertains the hope that Asia will not become a continent hostile to the United States. If China should become an anti-American nation, it is only a question of time when India would follow suit. If the huge populations of China and India join the anti-American front would the United States feel secure?

"We must liquidate the foreign policies used by T. V. Soong and Wang Shih-chieh and adopt a new foreign policy," the paper clamored.

# What US Papers Say

CHINA took over first place in US press coverage which included much editorial comment in addition to news coverage and articles by leading newspaper columnists.

The *Baltimore Sun*, in an editorial entitled "The Awesome Spectacle of Disintegration in China," declared: "A note of hysteria has come into the news from China, and for good reason.

"The fall of Mukden a week ago meant the end of the effort to take the control of Manchuria away from the Chinese Communists and bring this rich province back under the sovereignty of China proper. Chiang Kai-shek had counted on the mines, the industries and the wheat fields of Manchuria as a basis for China's revival. The failure of the campaign was thus a bitter blow. But since Manchuria had been separated from the rest of China for so many years, this failure represented a lost hope, not a tangible loss. If further Communist aggression could be stopped —if North China could be held—then the loss of the hope could be borne.

"But it is now clear that North China is not being held. Everywhere the Chinese Communists are advancing. To the south, Nanking, a good 600 miles from the Manchurian border, is in peril. There are reports of the going over of whole Nationalist regiments to the Communists. To say that the military situation in China is 'fluid,' as someone said in Washington yesterday, is to apply a mild but appropriate word to the situation.

"Worse even than the military reports are the reports of growing disintegration behind the lines—food riots in Shanghai and all the principal cities, the almost complete stagnation of trade, a monetary inflation so fantastic that money has become all but meaningless.

"The plain truth is that there is no longer anything like an effective government in Nationalist China. The stubborn will of Chiang Kai-shek alone maintains a kind of nominal unity. But the magic of that name has lost most of its power; and there is nothing else, apparently, to serve as a rallying point for the energies and the loyalties of the hundreds of millions who inhabit non-Communist China.

"In short, Nationalist China is confronted by a genuinely revolutionary situation, a situation in which the Nationalist Government would quickly fall before a new national leader—if there were one. But since there is none, and since the Chinese Communists will have their hands full absorbing the enormous area already under their control, the more probable prospect, as the authority of the Central Government continues to wane, is the breaking up of this vast country into numerous smaller political particles."

The *New York Herald Tribune* stated: "Generalissimo Chiang Kai-shek, whatever his faults may be, is a man of tenacity and courage. He has displayed these qualities repeatedly in the past and demonstrated them again in his warning to members of the Kuomintang party and to legislators that there will be no peace with the Chinese Communists and that preparations should be made for eight years of war.

"If even a quarter of the people in the Nationalist areas of China had a fair share of the Generalissimo's determination to fight Communism, there would be no great difficulty in defeating the Reds in the civil war. The trouble is that the morale of the Chinese people, never really high during the past two years, is now lower than ever. The Generalissimo's basic problem still is to provide a government that is honest and efficient and is devoted to the interests of the people as a whole, so that Nanking can win the loyalty it so direly needs. This matter is far more important than any other, with the exception of the problem of finding trustworthy and competent generals for the Chinese armies in the field and for decisions on strategy.

"There is not much time for action on either problem, as the Reds are moving south so fast that American dependents already are being evacuated from the Yangtze valley. Despite this lack of time, however, more depends on the action of Nanking officials than on any help that can come from outside. One of the cold and harsh facts of the present situation in international affairs is that Western Europe, with its industrial strength, is of more importance to the United States than agrarian China. Since the United States could not take over responsibility for winning the Chinese civil war for Chiang Kai-shek without abandoning Western Europe to the aggression of the Soviet Union (as American resources are not unlimited), there is no probability of any vast increase in the amount of American aid flowing to China. The amount of assistance being given Nanking might be increased somewhat, if the Nationalist officials followed policies that gave hope of victory in the civil war. But such an increase could not be on the scale demanded by those admirers of the Generalissimo who, while seeing the dangers of Communist aggression in China, fail to realize what a frightful disaster Communist success in Western Europe would be for the United States."

The *Washington Star*, in an editorial titled "A Special Session?" declared: "Reports from Key West indicate that the President has taken a very dim view of Senator Bridges' appeal to him for the immediate calling of a special session of Congress to deal with the critical situation in China. Mr. Truman's reaction is altogether understandable, for such a call would mean the convening of a Republican-dominated Senate and House whose de facto death occurred on election day, with more than enough Democrats chosen to assume majority control about six weeks from now. That fact, plus the fact that the Chinese can hardly be helped by legislative action at this time, makes the presidential cold shoulder seem completely justified.

"Nevertheless, if Senator Bridges, as chairman of the Congressional 'watch-dog' committee on foreign aid, really believes that an immediate special session is imperative and that it can be helpful to China, he does not have to appeal to Mr. Truman for one. He can address himself to the leaders of his own party in the 80th Congress. For if his arguments are convincing enough, if he can sell them on his idea, they will have all they need, if they wish to use it to issue a call to both Houses to return at once. In short, irrespective of presidential opposition, they could put Mr. Bridges' proposal into effect at any time between now and January —assuming, of course, that they decided it would be a sensible thing.

"The reason for this is that when its last special session adjourned in August, the 80th Congress adopted a concurrent resolution authorizing the president pro tempore of the Senate (Mr. Vandenberg) and the speaker of the House (Mr. Martin), together with the majority leader, to notify all the membership to 'reassemble whenever, in their opinion, the public interest shall warrant it.' In other words, the resolution—which was passed at a time when a lot of Congressmen were smarting under charges of 'do-nothingness' and hence were eager to show their readiness to come back and do something if events demanded it—means that Mr. Bridges can have what he wants without the President's say-so. He can have it, that is, if he can persuade Mr. Vandenberg and Mr. Martin to accept his view.

"Of course, if the Republican leaders of the 80th Congress went along with Mr. Bridges and called a special session despite presidential objections, the move, though legal, would be unprecedented, and it probably would stir up quite a reaction. It is virtually certain, however, that nothing of the sort will happen.

"At any rate, the political realities being what they are, the indications strongly suggest that Messrs. Vandenberg and Martin will view Mr. Bridges' idea every bit as dimly as Mr. Truman."

# The Review's English Lesson—LVIII

THE following passage, from the November 1 issue of *TIME*, is admirably suited to the purpose of the story, which, appearing as it did on the eve of the Presidential election, was intended to present Dewey's election as a foregone conclusion and the lack of interest on the part of the electorate.

"It was a curious anticlimax. (1) Republicans had waited for years for the great day (2) when the country would come to its senses and turn the Democrats out. (3) The authors of the New Deal, (4) in turn, had shuddered in anticipation of the awful moment when the G.O.P. would come to power, reduce their works to ashes, (5) and set the laboring man to building country clubs on non-union wages. (6)

"But by this week, when the day seemed surely at hand, the G.O.P. had embraced most of Franklin Roosevelt's innovations, (7) and the New Dealers had either grown bald and tired (8) or had disappeared completely, leaving their party to less feverish (9) and less consecrated (10) men.

"As the 1948 campaign drew to its close, it was evident that it had induced a curious reaction. The most energetic efforts of the two major and three minor candidates had apparently either soothed, dulled or completely anesthetized (11) the electorate.

"This did not mean that the U.S. citizen had lost his inborn distrust of authority or his dark certainty that politicians would take his gold fillings (12) unless he guarded them with his life. In general, he had been determined to vote against (13) somebody or something ever since the two big party conventions last summer. Having made his decision, he had then subsided into comparative, not to say lethargic, calm.

"He had his reasons for refusing to get excited. Few voters believed that there would be any contest on Election Day. Two out of three, according to a Gallup poll last week, thought New York's Governor Thomas E. Dewey could not possibly be beaten. Moreover, the electioneering had not developed into the kind of nerve-jangling jihad (14) to which the country had grown accustomed since 1932."

(1) **"It"** refers to the conditions described later on. **"Curious"** means strange, peculiar. **"Anticlimax"**: any event which is strikingly less important than the one immediately preceding.

(2) **"Great day"**: special occasion.

(3) **"Come to its senses"** is editorializing the news. These words show the writer's opinion of the Democrats. In a straight news story, these words should be left out. **"Turn.....out"**: drive out (i.e., of office).

(4) **"Authors"**: usually refers to writers of books, but is frequently used, as here, to denote the originator or builder of a system of politics, ideas, etc.

(5) **"Reduce their works to ashes"** connotes awe and terror, such as would be produced in onlookers by the end of the world, for example. The idea here is to reduce the Democrats to nothing by the use of grand words, thus exaggerating their place and power; exaggeration produces ridicule.

(6) **"Country clubs"** suggest luxurious establishments in a wealthy suburb, where merchants and financiers forget their worries at the bar or on the golf course. **"Non-union wages,"** implies that the wealthy would build their clubs with cheap labor.

(7) **"Innovations"**: novelties. Here it means Roosevelt's progressive social reforms. It is open to question whether the Republicans had, in fact, "embraced" these "innovations."

(8) **"Grown bald and tired"**: had lost their enthusiasm. "Bald" is yet another word choice designed to ridicule the Democrats; baldness is in America a topic for jokes.

(9) **"Feverish"**: excited. Again, the writer's attitude toward the Democrats is shown by the choice of word, which connotes uncoordinated, unreasoning, frantic activity or thought.

(10) **"Consecrated"**: dedicated, as to a high moral purpose. Here the writer pays a sort of left-handed compliment to the Democrats, by the implication that under Roosevelt the Democrats **did** feel themselves to be dedicated to a great cause.

(11) **"Induced"**: caused. **"Anesthetized"**: drugged, put to sleep. The sense of this paragraph is that none of the presidential nominees had been able to excite the voters by his speechmaking; in other words, no vital issues had been debated.

(12) **"Dark"**: gloomy, dismal. **"Fillings"**: i.e., in his teeth. The writer states that the US citizen dislikes authority and is certain that all politicians are dishonest.

(13) The key word in this sentence is **"against"**: i.e., in the absence of important issues put before him by the nominees, the voter had no other course but to vote negatively, in opposition to something he didn't like about one or another of the nominees.

(14) **"Jihad"**: an Arabic word meaning a holy war against the infidels; it has come to mean in English any crusade for a principle.

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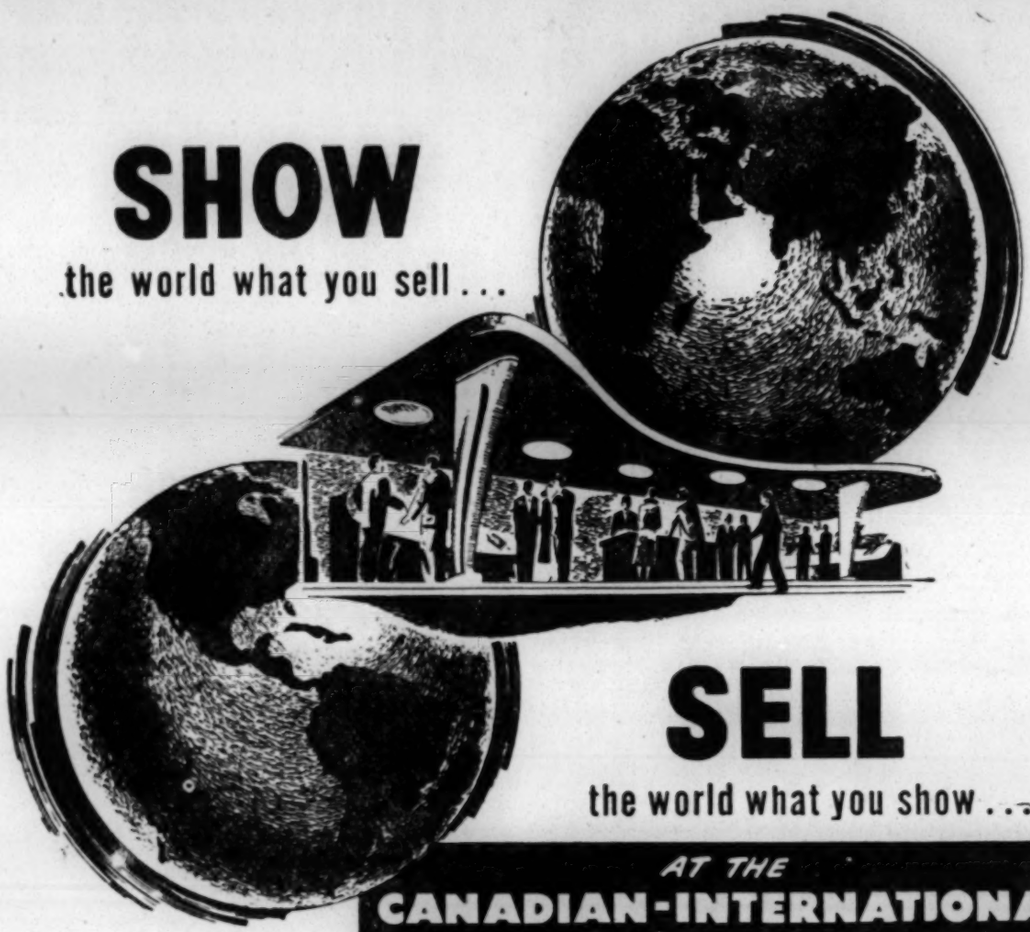

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